FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,985 — Friday January 28 1983 — D 8523 B

INTERNATIONAL MARKETS: Section III

NEWS SUMMARY

GENERAL

Haughey under pressure to resign

Ireland's opposition leader Charles Haughey is still under intense pressure to resign in the wake of a phone tapping scandal.

He surprised supporters and opponents by giving no indication of his intention to step down when he met his Fianna Fail parliamentary party yesterday.

Afterwards, however, several MPs went privately to his office and made it clear they were urging him to resign. Page 16

Adelman criticised

President Reagan's nomination of Kenneth Adelman to head the U.S. arms control agency ran into severe criticism in the Senate. Democrat Alan Cranston of California urged senators to reject the nomination.

Wanted Italian held

Luciano Petrone, 24, alleged to be a leading member of Italian Rightwing terrorist organisation NAR, was arrested in a dawn raid in London.

Red Brigades 'quit'

Founders of Italy's Red Brigades sent documents to Rome newspaper La Repubblica saying their armed struggle against the state was over.

Swiss summit

Prime ministers and economics ministers from 26 countries will meet in the Swiss resort of Davos this weekend for informal talks on world recession.

China 'will arm us'

Namibian independence leader Sam Nujoma said in Peking that China would provide arms for his guerrillas fighting South Africa.

Plea to Pope

Haiti's anti-government group Hector Riode has urged the Pope not to meet president-for-life Jean-Claude Duvalier when he visits the country in March.

Women get the vote

An assembly of men in the Swiss mountain village of Jenins voted 51–34 in favour of giving women the vote on local issues.

Bulgarian connection

U.S. officials have received "convincing" evidence from European governments that the Pope's would-be assassin Ali Agca spent time in Bulgaria before his attempt, the New York Times reported.

Lebanon talks

Israel and Lebanon held a tenth round of talks on Israeli withdrawal but appeared to be marking time until U.S. mediator Philip Habib returned to the Middle East. Page 3

Highest rubbish tip

Nepal's authorities said they were worried about the growing pile of rubbish left behind by climbers on Mount Everest.

Briefly . . .

Georges Bidault, former French Premier who opposed Algerian independence, died aged 83. Page 2

Aurora Fontanella, 25, gave birth to two girls and three boys at a Naples clinic after hormone treatments.

President Reagan and Egypt's President Mubarak met in Washington.

Car bomb injured two men in the Basque city of Vitoria.

Kenya has 8,300 cases of leprosy under treatment, said health minister Musaka Mango.

BUSINESS

£4.6bn current surplus for UK

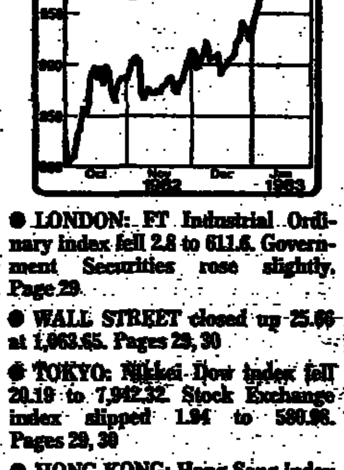
● BRITAIN'S surplus on the current account of the balance of payments last year was £4.6bn ($7.1bn), substantially better than the Treasury expected in November. Page 5

● DOLLAR fell in late trading to DM 2.425 (DM 2.428), SwFr 1.985 (SwFr 1.99), FFr 6.8675 (FFr 6.8775) and Y235.1 (Y235.5). Its Bank of England trade-weighted index was 120.3 (119.6). Page 36

● STERLING fell 85 points to $1.5375. It eased to DM 3.73 (DM 3.755), SwFr 3.0525 (SwFr 3.0775), FFr 10.5525 (FFr 10.63) and Y361.5 (Y364.25). Its trade-weighted index was 81.1 (81.2). Page 36

● GOLD rose $8.5 in London to $495. In Frankfurt it rose $10.25 to $496.5 and in Zurich $9 to $496.5. Page 31

● COPPER rose £18.25 a tonne in London to a 17-month high of £1,034.75, following the sharp rise in gold. Page 31



● LONDON: FT Industrial Ordinary index fell 2.8 to 611.6. Government Securities rose slightly. Page 29

● WALL STREET closed up 25.66 at 1,063.65. Pages 29, 30

● TOKYO: Nikkei-Dow index fell 20.19 to 7,942.32. Stock Exchange index slipped 1.94 to 580.98. Pages 29, 30

● HONG KONG: Hang Seng index rose 3.98 to 884.72. Pages 29, 30

● AUSTRALIA: All-shares index lost 0.9 to 536.4. Pages 29, 30

● FRANKFURT: Commerzbank index gained 1.1 to 736.7. Pages 29, 30

● PRESIDENT REAGAN dropped his suggestion that the 46 per cent U.S. tax on companies should be abolished less than 24 hours after making it.

● ARGENTINA is to get a $500m loan from the Bank for International Settlements. Page 4

● JAPAN has promised to lend Yugoslavia $80m as part of an international effort to ease its financial problems.

● KUWAIT Government will double the special fund to compensate small investors caught in last summer's collapse of the unofficial stock market from KD 500m to KD 1bn ($3.45bn). Page 18

COMPANIES

● AERITALIA, Italy's leading aircraft maker, said sales increased 52 per cent in 1982 to L800bn ($570m). Page 16

● MATRA, the French electronics group, looks likely to move towards taking full ownership of the car company it owns jointly with Peugeot. Page 17

● XEROX CORP, the U.S. office equipment maker, reported fourth quarter net income down by half to $53.7m. Page 17

● SANYO ELECTRIC, Japan's electric and electronic appliances maker, saw profits rise only 0.8 per cent to Y44bn ($186m) in the year to November 30. Page 18

● SOHIO, the large Alaskan oil producer, had lower earnings of $464m (against $478m) in the fourth quarter of last year. Page 17

Volcker shifts his emphasis from growth to inflation

BY ANATOLE KALETSKY IN WASHINGTON

Inflation remains a threat to a U.S. economic recovery and interest rates could rise again if budget deficits are not brought under control, Mr Paul Volcker, chairman of the Federal Reserve Board, warned yesterday in his first statement on monetary policy to the new Congress.

He endorsed President Ronald Reagan's idea of a "standby" tax increase in 1985 if deficits fail to respond to other measures. Most congressional leaders have dismissed this proposal since President Reagan announced it on Tuesday.

Mr Volcker's testimony, to the Congressional Joint Economic Commitee, was notable for his renewed focus on inflationary dangers, ahead of debate on the 1984 budget which will begin in Congress next week.

In his appearances before congressional committees last year Mr Volcker gave the impression that he was more immediately concerned about the need for an economic recovery than about the short-term danger of an inflationary upsurge. In recent weeks, however, the fed's thinking has apparently been moving back towards a somewhat greater preoccupation with inflation.

Mr Volcker even qualified the message in last week's Paris communiqué from the Group of Ten leading industrial nations, which called on governments to implement economic policies designed to achieve a "sustainable improvement," in economic growth and world trade. "I would emphasise the word 'sustainable' in that communiqué. A short-lived recovery without staying power and accompanied by re-ignition of inflationary pressures offers no real solution to our problems or those of the developing nations," he said.

He warned that the U.S. is "still short of the goal of reasonable price stability," and said that the present U.S. budgetary situation would, if left unattended, eventually produce "a collision" between the credit needs of government, housing and business. "The high interest rates that result will work against growth in private investment and housing."

If, on the other hand, Congress were to comply with the Reagan Administration's requests for further budget cuts, he held out the prospect of "a long period of non-inflationary economic expansion." The foundations for this were already firmly in place. Although Mr Volcker remained cautious about immediate economic prospects, there were "some crocuses blooming" already.

Mr Reagan's economic plans received a frostier reception yesterday from Mr Henry Kaufman, the chief economist at Salomon Brothers. Mr Kaufman said that the President's plans did not "adequately suggest" that deficits would be cut "very quickly." The overall message of the State of the Union speech was that the President had "effectively given up control of fiscal policy," despite his "good intentions."

Mr Kaufman predicted that there would be brief rises in long-term interest rates which would keep the pace of economic recovery down to the "subnormal level of 1.5 to 2 per cent."

In the long run, high real interest rates would continue to be "a terrible burden to bear for the business borrower."

Democrats set for attack on tax plans, Page 4; Editorial comment, Page 14

UK court tells U.S. bank to defy New York jury

BY WILLIAM HALL AND RAYMOND HUGHES IN LONDON

THE LONDON branch of a leading U.S. money centre bank has been ordered by the High Court not to obey a New York grand jury's demands that it hand over documents relating to the affairs of three multinational companies which it is investigating.

The judge, who delivered his decision in open court after a private hearing, did not name the companies or the bank and said he expected their anonymity to be preserved.

The ruling has significant legal implications for international banks operating in London since it has never been clear to bankers how far the legal writ of a foreign government can influence the London operations of a bank.

The question was first highlighted at the time of the Iranian hostages crisis in November 1979 when the U.S. authorities tried to block the Eurodollar deposits of customers of U.S. banks' London branches. Many bankers felt at the time that the U.S. administration had gone beyond its legal powers, but the crisis was resolved before the issue was ever tested in the British courts.

The latest case, which concerns two Swiss and one Panamanian company involved in oil, metal and fertiliser trading, revolves around a question of a banker's duty of confidence to a client. It has not yet been decided in England how far the law of a foreign country can overrule a banker's duty to preserve the confidentiality of its clients' affairs.

The three customers concerned in the current case had lodged documents in the London branch of the U.S. bank. The U.S. authorities said that under U.S. law they could compel a U.S. company to produce its records from anywhere in the world. The subpoena from the New York Grand jury, requiring the disclosure of the documents, apparently stemmed from a 1977 U.S. investigation of the crude oil industry and related to a conspiracy to defraud the U.S. and an attempt to evade tax.

The companies concerned said they would not have placed business with the London branch of the bank unless they had been sure that their secrets would remain secure in accordance with established practic in the UK.

Upholding an injunction stopping the U.S. bank's London branch obeying the subpoenas, Mr Justice Leggatt said in the Commercial Court there was evidence that irreparable and incalculable commercial damage would be done to the companies if the documents were disclosed.

Disclosure to the grand jury would be a breach of the bank's duty of confidentiality to its customers because the evidence showed that "in practice there is no secrecy in

Continued on Page 16

U.S. banks face worse times, Page 17

AT & T share income falls as recession costs 6,700 jobs

BY PAUL BETTS IN NEW YORK

AMERICAN TELEPHONE and Telegraph (AT & T), the predominant U.S. telecommunications company and the world's largest in terms of assets, has not been spared from the cracled U.S. economic recession.

The telecommunications group reported yesterday a decline in per share income last year at the same time as announcing major operation and work-force reductions at its Western Electric manufacturing subsidiary.

These cutbacks resulted in a $317.6m after-tax write-off charged against the company's 1982 earnings totalling $7.28bn.

Although net earnings for 1982 were 6.7 per cent higher than the $6.82bn AT & T earned in 1981, per share earnings of $8.40 on 850m average shares outstanding were 0.8 per cent lower compared to restated per share earnings of $8.47 on 788m average shares in 1981.

The restructuring moves announced by Western Electric yesterday include the phasing out of operations at a major plant at Kearny, New Jersey, and the reduction in operations at two other plants including one in Baltimore and another at Cicero, Illinois.

AT & T said yesterday the cuts announced yesterday at Western Electric were part of an overall programme to improve the subsidiary's plant use. Mr Charles Brown, AT & T's chairman, said the decision was unavoidable in today's economic and competitive environment.

The cutbacks announced yesterday will affect about 6,700 Western Electric employees, or about 5 per cent of the subsidiary's work force of 136,000 people. The plant being phased out in New Jersey employs at present about 4,000 people. Products made there include systems to convert conventional power for communications, test sets and connectors.

But AT & T said yesterday the $317.6m write off to cover the Western Electric moves was offset by an increase in net incoime of $352.7m from the effect of a change in accounting for deferred income taxes.

AT & T's operating revenues last year increased by 12.1 per cent to $65.1bn compared with $58.1bn the year before. Total operating expenses and taxes rose by 14.5 per cent to $54.8bn from $47.9bn in 1981.

Gulf oil states delay on prices

By Kathleen Evans in Kuwait

NO IMMEDIATE action is planned by Arab oil producers in the Gulf to reduce their oil prices, in line with those of members of the Organisation of Petroleum Exporting Countries who have been giving discounts and refusing to increase differentials.

That much was indicated here by Sheikh Ali Khalifa Al-Sabah, the Kuwaiti Minister of Oil, amid lively speculation that Saudi Arabia, Kuwait and their allies, were waiting for the British National Oil Corporation (BNOC) to take the initiative in cutting prices.

"We have to wait another 10 days to see how the market develops," he said. He added, somewhat enigmatically, that the Arab producers of the Gulf were not in the habit of making separate announcements on prices, without consultations with Opec as a whole.

Sheikh Ali Khalifa added that there were no plans yet for a meeting of oil ministers of the states grouped together under the aegis of the Gulf Co-operation Council, which are pledged to co-ordinate their policies and are still formally committed to defence of Opec's $34 per barrel reference. They are Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain.

Consultations are, however, taking place. Dr Subroto, the Indonesian Minister of Oil, is expected here tomorrow for talks with Sheikh Ali Khalifa, following a visit to Riyadh where he met Sheikh Zaki Yamani, Saudi Minister of Oil.

The understanding, such as it was, reached at the abortive Opec conference in Geneva earlier this week, was for experts of member states to study the differentials, or the premium, charged for the high quality crudes produced by Algeria, Libya and Nigeria. It was very tentatively agreed that a full ministerial conference might be held in March.

With the oil market in a limbo of uncertainty, however, patience is growing thin. This has been expressed most vociferously by the United Arab Emirates, which recently appeared to be some-

Continued on Page 16

Threat to Iran's fragile bonanza, Page 2; Texaco raises UK prices, Page 5; U.S. oil majors' results, Page 17

French voice concern over Airbus sales

BY DAVID MARSH IN PARIS

THE FRENCH partner in Airbus Industrie, the European airliner manufacturing consortium, has accused West Germany and Britain of providing insufficient financial support to back Airbus sales, which slumped last year as a result of the crisis in the world air business.

The accusation emerged yesterday with the publication of a strongly-worded letter to French Government Ministries written by General Jacques Mitterrand, chairman of the state aerospace group Aerospatiale, and also the French President's brother.

The content of the letter, published in Le Monde, was confirmed last night by Aerospatiale officials in Paris.

General Mitterrand's comments, which single out the reticence of West German banks as a key factor behind declining Airbus sales, underline the potentially serious cracks opening up in the structure of the pan-European consortium.

Britain and West Germany have held back wholehearted support for the Airbus A-320 project for a new 150-seater aircraft, citing the uncertain state of the world market.

M Charles Fiterman, the French Transport Minister, said on Wednesday night that France would do all it could to speed up a decision on the A-320 programme, and said that companies in Canada, Holland and Italy could join the consortium for the project.

In his letter, addressed to civil servants in various ministries, Gen Mitterrand called the state of the Airbus programme "preoccupying." For the first time in 12 years of marketing the A-300 airliner, sales in 1982 had fallen below the level of cancellations, with nine sold and 11 cancelled.

Gen Mitterrand said the poor state of the market could last until the end of the year or even the beginning of 1984. He suggested the setting up of a top-level tripartite group among France, Britain and West Germany to intensify co-operation on selling planes during the present "critical phase."

Greater efforts were needed especially on export finance, "which in Britain, and above all in West Germany, does not receive all the necessary priority."

Officials said last night that the letter was meant to draw attention above all to the competitive terms offered by the U.S. Export-Import Bank to finance sales by competitors like Boeing or McDonnell Douglas.

Banks in West Germany – where Gen Mitterrand said the system worked "in the opposite sense" to promoting sales – are thought to

Continued on Page 16

Opinion poll gives boost to Genscher

BY JAMES BUCHAN IN BONN

HERR Hans-Dietrich Genscher's Free Democrat Party (FDP) could survive to gain parliamentary representation at the March election, according to an opinion poll published yesterday.

The poll, conducted by the Emnid Institute in the week beginning January 13, shows the FDP with 5 per cent of the vote, the lowest level permitted by the West German constitution for proportional representation in the Bundestag. It is the first poll to predict a parliamentary future for the FDP since the party changed its coalition allegiance from the Social Democrats to the Conservative parties in October.

The Party has been involved in every government since 1969.

The Emnid poll also gives 5 per cent to the Greens, the disarmament and ecological party seeking to enter the Bundestag for the first time. The "union" parties, Chancellor Kohl's Christian Democrats and Herr Franz Josef Strauss' Christian Social Union are given 47 per cent and the Social Democrat opposition 42 per cent.

In effect, this means that if the FDP does secure 5 per cent and survives, Chancellor Kohl's government is safe. However, if the FDP fails to make 5 per cent and is ejected from the Bundestag, while the Greens get in, a Social Democrat government supported by the Greens could govern.

The poll comes as a terrific boost for Herr Genscher's party on the eve of their election party congress at the weekend.

Doubt on Bonn projections, Page 2; German steel crisis, Page 14

CONTENTS

Europe	2	Euro-options	32
Companies	17	Financial futures	36
America	4	Gold	31
Companies	17, 28	Int'l Capital Markets	26
Overseas	3	Letters	15
Companies	18, 20	Lex	16
World Trade	4	Lombard	15
Britain	5–6	Management	12
Companies	24–26	Market Monitors	29
Agriculture	31	Men and Matters	14
Arts – Reviews	13	Mining	25
– World Guide	13	Money Markets	36
Business Law	28	Property	10–12
Commercial law	28	Raw materials	31
Commodities	31	Snow Reports	16
Currencies	36	Stock Markets – Bourses	29, 30
Editorial comment	14	– Wall Street	29, 30
Eurobonds	28	– London	29, 32–35
		– London indices	25
		Technical Reports	7
		Weather	16

German steel: the coming of the wise men 14

Politics today: Thatcher and the Falklands 15

Fork lift trucks: an industry in retreat 16

Oil: threat to Iran's fragile bonanza 3

U.S. banking: worse times may be ahead 17

Editorial comment: U.S. economy; institutions 14

Lombard: why the IMF must go to market 15

Lex: Wall Street; UK trade figures; Fitch Lovell 16

Cardiff: Survey 21–23

International markets: reports, prices... Section III

Industry leader casts doubts on Bonn projections

BY JONATHAN CARR IN BONN

A LEADING West German industrialist has cast serious doubts on the Centre-Right Government's forecast that "zero" economic growth (in real terms, after inflation) can be attained this year. West Germany faces a general election on March 6.

Dr Manfred Lennings, head of Europe's biggest mechanical engineering group, Gutehoffnungshutte (GHH), said the boost in domestic orders for investment goods late last year was caused by buyers bringing forward purchases to take advantage of a government investment bonus, which expired in December.

The upshot, was that results for the current months would show renewed weakness in home demand—in addition to flagging orders from abroad.

His views are worth underlining partly because GHH, with annual turnover of about DM 19bn (£5bn) and products ranging from turbines and industrial plant to commercial vehicles, is highly representative of an important sector of industry. Over the years, Dr Lennings has hit a lot of bulls-eyes with his trenchantly expressed views about the economy—views clearly independent of current political trends.

He and the Government are clearly at one in their view that little is to be expected from exports this year. GHH's foreign orders plunged by nearly 40 per cent from July to December against the same period of 1981, and there are few signs of encouragement.

The Government, however, is expecting an upturn at home, partly on the basis of those order figures for investment goods to which Dr Lennings referred.

Dr Lennings agrees there are some encouraging signs, including the removal of the current account deficit, as well as falling interest rates and inflation.

However, even taking an optimistic view and postulating an upturn in the second half, he says he does not see how "zero growth" this year is to be achieved.

In the last quarter of 1982, gross national product in real terms was 1.5 per cent lower than in the same period of 1981. The achievement of average "zero growth" this year against last thus implied a very marked upsurge indeed, he said.

WEST GERMAN INVESTMENT GOODS

Incoming orders in real terms. Percentage change over previous years.

1982	Overall	Domestic	Foreign
1st quarter	−0.5	−5.4	+7.1
2nd quarter	−6.4	−8.6	−3.3
3rd quarter	−10.4	−7.8	−13.7
October	−14.5	−10.2	−20.1
November	−7.4	+2.6	−19.2

Production in chemicals industry falls nearly 5%

BY KEVIN DONE IN FRANKFURT

OUTPUT IN the West German chemicals industry fell nearly 5 per cent last year. The sector was harder hit than most large industrial sectors in the country. Overall, the output of manufacturing industry dropped by 2.1 per cent as the country slipped deeper into recession.

Demand for chemicals fell steeply as sales to major customer industries, such as the building and textiles sectors, remained weak and consumer spending declined further. The industry—the world's biggest chemicals trader—also found little compensation in export markets, while importers increased their share of the domestic market.

Chemical producers, however, are reporting the first tentative signs of a recovery in demand. Output has stabilised since the start of the year — albeit at a low level — and, since November, exports have risen above the level of a year ago, halting the decline in foreign sales which began last May.

At DM 118bn (£31bn) the turnover of the chemicals sector — a keystone of the economy — virtually stagnated. At the same time, falling production and lower plant utilisation cut deeply into company profitability with pre-tax profits in the sector tumbling by around 25 per cent, according to the industry association.

Plants were working on average at only 70 per cent of capacity in the last quarter of the year compared with 75 per cent a year earlier.

The deepening recession has inevitably cut into capital investment, which fell last year by about 7 per cent to DM 6.7bn. The industry hopes to hold this level this year. Some 40 per cent is expected to be devoted to plant replacement, compared to 31 per cent five years ago, while plant expansions will account for 29 per cent (33 per cent) and rationalisation for 31 per cent (36 per cent).

The chemicals industry, one of the most research-intensive in West Germany, spent around DM 6bn on research and development last year compared to DM 5.8bn in 1981.

Exports grew by only 2.5 per cent (DM 50.9bn in the first 11 months), while imports increased by 5 per cent (DM 29.3bn). West German producers' competitiveness in their domestic market has been increasingly eroded over the past 10 years with importers increasing their market share from 25 per cent to nearly 34 per cent over the past decade.

UK budget rebate one step nearer

Leaders of the European Parliament's budget committee yesterday offered modest concessions which should be enough to carry Britain's £500m EEC budget rebate over its first procedural hurdle, writes John Wyles in Brussels. This will be the formal adoption by budget Ministers of the supplementary to the EEC's 1983 budget containing the rebate on Britain's payments to Brussels last year.

The Parliament has now given assurances that it would not seek to exploit a proposed classification of payments worth £353m to Britain and West Germany as a basis for boosting EEC non-farm spending next year. It also agreed not to alter the total volume of payments set out in the budget for the two countries.

MEPs are expected to press in return for concessions which may prove impossible to make.

Turkey criticised at Council of Europe

The parliamentary assembly of the Council of Europe yesterday made its toughest criticism yet of Turkey's ruling generals but stopped short of calling for their expulsion from the council, writes David Tonge in Strasbourg. A large majority supported a resolution expressing severe reservations about the steps taken to restore parliamentary democracy.

They referred to the "dangers and weaknesses" in the constitution approved last November, and voiced concern at the exclusion of former MPs from the election promised by spring next year.

Portugal faces drought

Modest autumn rains and a dry winter have brought hydro-electric reserves in Portugal to 43 per cent of normal capacity, writes Diana Smith in Lisbon. Some 60 per cent of domestically-produced electricity comes from hydraulic sources. A drought also has very serious implications for agriculture. Even in a good year, about half the country's food is imported.

Shipyard accord

Workers at Setenave, Portugal's financially-crippled state shipyard, have agreed to take a 6 per cent wage cut, writes Diana Smith. They will also not strike unless under a national general strike, demand no overtime or holiday pay and take no time off until August, when Setenave is committed to complete a tanker ordered eight years ago by Thyssen and years behind schedule.

West German strike

Thousands of West Germans went on strike in hospitals, old-age persons homes and other social services yesterday in protest against a new law extending the draft period for conscientious objectors from 16 to 20 months, AP reports from Frankfurt.

Metal industry offer

Employers in West Germany's key metalworking industry have made an opening offer in this year's wage bargaining, proposing a rise of 2.2 per cent for 12 months from May 1, writes Jonathan Carr in Bonn.

Trouble at Renault's Flins plant has wider implications, writes **David Housego**

Immigrant workforce flexes its muscles

FLINS, THE giant Renault plant on the banks of the Seine, is silent. The strike which has prompted the laying off of 11,000 workers and cost the company 30,000 cars in lost production, is in its third week. Negotiations drag on inconclusively day and night. The management is in despair at finding a durable solution.

A new factor links this dispute with one at the same plant last year and others at Citroen and Talbot in the Paris area—the militancy of the immigrant workforce.

Immigrants, mostly Moroccan and black Africans, account for most of the Flins assembly-line production workers and 85 per cent of those in the paint shop where the strike began. Behind their militancy are the accumulated grievances of being exploited as cheap labour by French industry, of being pushed around by an authoritarian management (less true at Renault than at other car plants), and of resentment at the monotony of their work.

Their confidence has been boosted, however, by a combination of the rising power of Islam and the championing of workers' rights by French Socialists.

"French workers used to complain of them as being too malleable," says M Daniel Richter, a local leader of the pro-Socialist CFDT union at the Flins plant. "Now, they are worried at the damage they could do to Renault and the French economy."

A management official says: "It is almost a dialogue of the deaf. Arguments about the damage to Renault's competitiveness and the Government's policy of austerity carry no weight. They want more money. That's that. French workers would pause at the loss of 30,000 cars."

For Renault, the strike comes at a bad moment. It is fighting to pull back into profit after losses of FFr 1bn (£93m) in the first half of last year and is up against tough competition in every market. But the ramifications go much wider.

Strike action has already leap-frogged from Flins to other Renault, Citroen and Talbot plants in the Paris region where immigrants are also a major part of the 50,000 vehicle workforce. Concessions risk provoking new demands elsewhere and blowing asunder the Government's anti-inflationary policies.

Politically, as well, the prospect of continual industrial conflict is damaging to the Government before next month's municipal elections.

After total wage increases last year of 22 per cent, the paint shop workers initially put in claims that the management calculate would have added another 30 per cent to a minimum salary of FFrs 4,600 (£427) a month. They asked for a hardship bonus of FFr 300 a month and a complete revision of the anachronistic job grading system which defines pay scales.

> "French workers used to complain of them being too malleable," sasy a local union leader. "Now they are worried at the damage they could do to Renault and the French economy."

The management so far has offered a maximum bonus of FFr 150 a month and said it is willing to negotiate about the job grading system on a car industry-wide basis.

"A major difference between this and earlier strikes at Renault," says M Richter, "is that before they would have been broken up by force and dismissals. That is not the policy of Renault since the change of governments."

A company official adds: "We would never have allowed production to be stopped by 160 men. This is the number of the 1,000 paint shop workers on strike."

M Richter says the Left's victory provoked different reactions among French and immigrant workers. Among the French workers the sentiment remains strong—in spite of great disappointment at the Government's performance—that, having voted for the Left, they do not want to take action that would bring the Right to power.

The immigrants, however, have passed from suspicion of the Socialist regime (because of the legacy of French Socialist rule in North Africa) to a confidence that has come in part from the Socialists' removing many of the vexatious controls imposed on them.

They now take up more vociferously such long-standing grievances as that they are treated as people in transit and thus do not have the same access to company training as do French nationals. To that, another official adds: "They have reason to be worried. Renault will make redundant some 12,000 workers between now and 1990 and they know they will be affected first."

Said a member of the Renault staff: "Perhaps it was wrong to take on so many immigrants. But in the boom of the late 1960s we could not get labour elsewhere."

In the paint shop of Flins, some 50 immigrant workers yesterday talked and played cards as they symbolically blocked the production line. "Of course it is we immigrants who are on strike," said one. "We do the hard work and the management knows it. If they can fork out for new robots why can't they pay us more?"

The bitterness over working conditions and the management's delay in responding to their demands is strong. "We are accused of destroying the French economy," says Mr Ibrahim Diamane. "It is reactionary propaganda."

Certainly, the Communist-led CGT and probably the CFDT as well would have compromised some time ago. The management has offered to call back those they laid off on the basis of paying 70 per cent of the salary lost in return for additional Saturdays worked.

The expectation is that there will have to be a compromise over more pay. But that by no means the last has been heard of the explosive demands of France's immigrant workers.

Solidarity shelves strike plan

By Christopher Bobinski in Warsaw

THE clandestine leadership of Solidarity, Poland's banned trade union movement, has published a political programme which combines defiance with moderation and postpones indefinitely plans for a general strike in the spring.

The 2,000-word document, dated January 22, signed by the five-man fugitive leadership, including Mr Zbigniew Bujak from Warsaw and Mr Bogdan Lis from Gdansk, asserts that the Polish authorities are intent on building a "totalitarian dictatorship."

Nevertheless, the document states that the government must be forced to reach agreement with the population and introduce the political and economic reforms outlined by Solidarity congress in autumn, 1981.

The five men, who by all accounts have recovered from the fall in morale which followed the wave of arrests at the end of last year, have also protested against the arrest of seven colleagues previously interned and government plans to hand over Solidarity funds to the new unions.

The programme states that reforms must be introduced "gradually" so as not to upset the "balance of power" in Europe and that the movement recognises Poland's "political and geographical situation."

It suggests that Solidarity supporters should continue to boycott official institutions including the unions set up to replace Solidarity, which have so far managed to attract scant support.

Europe ready for fair deal on limiting missiles, says minister

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WESTERN EUROPE is ready for any fair compromise with the Soviet Union to limit medium-range nuclear missiles. But Nato would not accept a second class security system which gave Moscow a monopoly in European land-based missiles, Herr Manfred Woerner, the West German Defence Minister, said in Geneva yesterday.

He was speaking as negotiations resumed between the U.S. and the Soviet Union on limiting intermediate-range nuclear forces (INF) in Europe. His remarks followed an hour-long meeting with Mr Paul Nitze, leader of the U.S. delegation to the talks.

The superpowers have agreed to keep their Geneva deliberations secret. All that was publicly revealed of yesterday's meeting was that Mr Nitze and Mr Yuli Kvitsinsky, the Soviet delegation leader, met for three hours.

Following established practice in the 14-month-old talks, the two sides will meet formally each Tuesday and Thursday, alternately in the U.S. and Soviet missions.

Herr Woerner stressed yesterday that, while the ideal solution would be to ban all medium-range nuclear weapons from Europe—the so called zero option put forward by President Reagan—"our policy has never been all or nothing."

Asked to comment on suggestions that the Soviet Union wanted to include British and French missiles in any INF agreement, he said these mainly submarine-based weapons could not be compared with the Soviet land-based SS-20 missiles.

In Washington, Herr Hans Dietrich Genscher, the West German Foreign Minister, reiterated support for the zero option, but expressed satisfaction that President Reagan had said he would consider any serious proposal from Moscow.

Meanwhile in Vienna the negotiations on reducing conventional forces in Europe—the Mutual and Balanced Force Reduction talks—got off to their predicted rough start with both sides blaming each other for the deadlock which has characterised the talks for most of the past decade.

Call for Dutch state investment

BY WALTER ELLIS IN AMSTERDAM

SUPPORT FOR increased government investment in key areas of the Dutch economy has emerged from the latest report by a commission headed by Mr Gerrit Wagner, former president of Shell.

The Wagner Reports, which appear about every six months, are treated with the utmost seriousness by Dutch Governments. A previous analysis helped form the present administration's strategy on industry and the economy, which, however, is centred on limiting state spending.

The present report recommends higher spending on railways, motorways, waterways and ports, and pinpoints 14 industrial sectors as vital to future growth. These are: transport, transit trade, farming and food processing, construction, hydraulic engineering and infrastructural improvement, the offshore industry, chemicals, office systems, production control systems, telecommunications and the media, consumer electronics, medical technology, environmental protection and defence equipment.

These account for 35 per cent of Dutch exports and were selected by the commission for special support after extensive consultations with scientists, businessmen and investors.

Recent governments, says the commission, have invested too little in such basic services as the railways, roads, canals, ports, sewerage and pollution control. Each of these sectors, it argues, should have its annual budget increased

The report adds that Government and industry must share the cost of training workers and that responsibility or practical or vocational training should be laid down in legislation. Industrial training should be available to every school-leaver aged 16-20.

Bidault the exile dies at 83

By David Marsh in Paris

GEORGES BIDAULT, the former French Prime Minister whose death at the age of 83 on Wednesday night was announced yesterday morning, was one of that singular breed of Freemen to have fought tooth and nail for the Resistance during the Second World War—only to clash with President de Gaulle over the Algerian crisis in 1961.

Former journalist, history professor and implacable opponent of both Nazism and Communism, M Bidault personified in his governmental career the tortuous twists and turns of post-war France.

A vigorous critic in his regular columns in the daily L'Aube of pre-war appeasement of Germany, M Bidault became head of the council of the French Resistance in 1943 following the capture and execution of Jean Moulin by the Germans.

He marched down the Champs Elysee with de Gaulle following the liberation of Paris in August, 1944.

M Bidault's speciality was international affairs, and he became Foreign Minister a few days later and head of the provisional government in 1946.

Equally skilled on the orator's rostrum as with the journalist's pen, he was a key member of the government during Europe's tangled entry into the Cold War in the late 1940s and early 1950s.

He was Prime Minister in 1949 when France joined the Atlantic Alliance, and presided as Foreign Minister over the shattering period of the Indo-China war in 1953-1954.

M Bidault came down firmly in placing France clearly in the American camp in the post-war division of Europe.

That was the zenith of his career. The dramatic denouement came in April 1961 when M Bidault—a bitter opponent of the decolonisation policies inaugurated by M Pierre Mendes-France—sided with the promotors of the putsch against de Gaulle's plans for Algerian independence.

He moved underground and became a leading figure in the clandestine fight against de Gaulle, holding the position of national director of the Organisation de l'Armee Secrète (OAS) following the arrest of General Raoul Salan in April, 1962.

After the lifting of his parliamentary immunity, a warrant was issued for his arrest for conspiracy against the state. He fled to Switzerland, then to Italy, then to Germany, issuing a stream of denunciatory declarations against de Gaulle. He took refuge in Brazil until 1967 before returning to France after the amnesty of 1968.

M Bidault, who was a founder-member of the Christian-Democrat Mouvement Republican Populaire (MRP), sealed his move to the right by setting up on return from exile the small right-wing group "Mouvement pour la Justice et la Paix."

His death in Cambo-les-Bains in the Basque country close to Bayonne, has deprived France of a man who, for better or worse, stuck to his views to the end.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

CONFLICTS OF POWER IN BRUSSELS POINT TO SERIOUS DIFFICULTIES AHEAD FOR THE EEC

Unstable Europe faces year of uncertainty

BY JOHN WYLES IN BRUSSELS

THE WRAPPING UP on Tuesday of a Common Fisheries Policy would have been generally regarded as an important landmark in the development of the EEC, if it had come five years ago.

After all, a common policy mandated 26 years ago by the Treaty of Rome has finally been achieved and vital British interests have been successfully accommodated within a community framework.

But few shreds remain of that old optimism in Brussels which viewed such agreements as a source of political momentum towards the next new policy needed to spur the Community's development.

True, M Gaston Thorn, the Commission's President, found an echo of the past with his opinion that Tuesday had been "a good day for Europe." But among his colleagues, the stronger emotions are relief at having one less problem to deal with and a deep foreboding about the serious difficulties which lie ahead.

Commissioners and diplomats are increasingly aware of new destabilising elements which make the next few months particularly hazardous. These threaten to upset the institutional balance between the European Parliament, the Commission and the Council of Ministers and to strain relations between member states.

Their first concern is about the gradual emergence of what is feared to be a "maverick" European Parliament, desperate to acquire some shred of political achievement to lay before the electorate at the next EEC-wide elections in June 1984.

The second concern is about the impact of this parliament on a European Commission which is unable to communicate a sense of priorities and labouring under a fading sense of its own effectiveness.

The Commission knows that it is being hunted by the European Parliament brandishing its so far unused weapon—its power to dismiss all the 14 Commissioners.

The European Commission is also worried about the absence of any real consensus among member governments about priorities for the Community's internal development.

Europe's dire economic situation makes governments hesitant about committing more resources to the EEC and reluctant to take policy risks. Furthermore political contrasts do not help in mobilising a Socialist France, favouring more EEC social policies and more protectionism, alongside British and West German governments, wanting to stand still on social policies and to dismantle internal protectionism.

This lack of consensus between governments analyses the Council of Ministers' power. Of the 195 items on the formal agendas of the 45 council meetings held between last January and October, only 60 produced ministerial agreements of any consequence.

Solution of the one question which could break this logjam has yet to be addressed — whether to increase the EEC's budget revenues and if so on what basis.

At present, Britain and West Germany "pay" for community policies in the sense that they are the only members who contribute more to Brussels than they receive through EEC spending policies.

The key to resolving the unacceptable imbalance in British payments lies in a fairer distribution of the financing burden and through increased EEC spending.

The Commission will produce a discussion paper on future financing next week. If this leads to a new balance in EEC financing, then the UK would become a "normal" community member and the way would be open for completion of the enlargement negotiations with increasingly restive Spain and Portugal.

In addition, agreement on internal reforms may become easier as a result and West German and French inhibitions about new spending policies removed.

The parliament appears determined to force the pace of development on both revenue and spending by worrying the Commission into a display of political determination and by exercising its right to block a £500m rebate on Britain's 1982 budget payments.

In refusing to release this money last December, the parliament made respectable its grab for power by insisting that the council and the Commission live up to their previous commitments. The parliament is refusing to hand over the rebate to Britain unless the council promises to abandon all intentions to negotiate another short-term arrangement reducing the UK's budget payments.

It is demanding a resumption of the so-called mandate negotiations, which crumbled in weary despair nearly a year ago. These were supposed to find a permanent solution to the British problem through a redistribution of spending away from agriculture and through the development of new policies.

If the parliament were to win this argument, then Britain would have no assured relief from paying the full EEC budget contribution of £1bn a year or more.

All the ingredients are present, then for an uncertain and politically unstable year in which the British budget problem and the future of the Community's internal development are back at the centre of the stage.

Brussels warning on steel jobs

BY GILES MERRITT IN BRUSSELS

A WARNING that the rate of EEC steel job losses will accelerate dramatically during the next three years has been made by the European Commission, which wants Ecu 330m (£200m) in fresh social funding to help ease the redundancies.

By 1986 it estimates a further 150,000 steel jobs will have gone, taking the EEC steel sector's payroll to 377,000 people.

The figures are a "working hypothesis," but are believed to provide an insight into the scale of the restructuring measures that Brussels is trying to negotiate with member states with the aim of returning the industry to health by 1985, when state aids to steelmakers must cease.

Although by the end of last year Community steel industry employment had dropped by 263,000 jobs since 1974, the real effect of those figures has been distorted by the fact that Britain accounted for almost half of the losses.

During that period, Italy managed to increase steel jobs by some 5,000 to close on 100,000, while job losses were only 38,000 in West Germany and 55,000 in France.

But with the British steel industry now expected to have slimmed itself close to a final restructured level, and the British Government arguing strongly for matching EEC cuts, continental steelmakers face redundancies at more than double the earlier rate.

The European Commission estimates that some 20,000 of the projected steel job losses will be accounted for by natural wastage, and that half the remaining 130,000 will be covered by early retirement or work-sharing schemes.

Concern mounts over Simonstown spy suspect

By J. D. F. Jones in Cape Town

THE SOUTH African Government's embarrassment was evident yesterday as it became clear that the alleged Soviet spy whose arrest had just been announced had held senior positions which gave him access to every level of operations in the South African Navy.

Commodore Dieter Gerhardt, who has been arrested together with his wife, was commanding officer of the important dockyard at Simonstown. He would therefore have known about the equipment, refitting and operational activities of the South African Navy and also, it is speculated here, any contingency plans for South African co-operation with Western fleets in the event of major crisis.

It is thought that the German-born Gerhardt, who joined the South African navy in 1952, had previously held an appointment at defence headquarters in Pretoria, where he would presumably have had access to an even wider range of military information.

Mr P. W. Botha, the Prime Minister, chose to announce the arrest just before today's opening of the new parliamentary session. The news has provoked a storm of concern and indignation.

Although Government ministers have been putting a good face on it, there is embarrassment that the Simonstown base—whose value South Africa has for years pointed out to the West—has been so dramatically infiltrated at the very top.

Simonstown, only a few miles from Cape Town and originally a dockyard for the Royal Navy, is the main base for South Africa's small but effective navy.

● Namibian independence leader Sam Nujoma said yesterday that China would provide arms, ammunition and humanitarian aid for his guerrillas fighting South African forces, Reuter reports from Peking.

Speaking in Peking after four days of talks with Chinese officials, including Premier Zhao Ziyang, Mr Nujoma said China had given unspecified material assistance to his South West African People's Organisation (Swapo) in the past and "has pledged to continue to do so now."

Ramphal . . . accused South Africa of "barbaric ferocity" in Lesotho

Lesotho conference condemns Pretoria

By Michael Holman

A TWO-DAY conference of black southern African states seeking to reduce trade and transport links with South Africa opened in Maseru, Lesotho yesterday with a chorus of condemnation of Pretoria's alleged "destabilisation" of the region.

Last month 42 people, including members of the African National Congress, died when their Maseru homes were attacked by South African troops. Opening the conference, Lesotho's King Moshoeshoe told the 400 delegates that the incident was "only a manifestation of a more sinister and general factor that is destabilising all the black majority ruled democracies of southern Africa."

In a message to the conference, the Commonwealth Secretary General, Mr Shridath Ramphal, accused the Republic of "barbaric ferocity" in the Maseru attack.

The nine members of the Southern African Development Co-ordination Conference (SADCC) are meeting representatives of over 30 countries and institutions to seek aid for industrial projects in the region requiring $800m, and to consider reports on energy resources, agriculture, transport and communications.

Tehran could well be the first casualty of an Opec price war, writes Terry Povey

Fragile Iran's oil bonanza comes under threat

THE FRAGILE economoy of fundamentalist Iran could rapidly become the first casualty of the oil price war which looms following the Organisation of Petroleum Exporting Countries' (Opec's) failure to agree on prices and production levels.

Although Iran has gloated over its success in forcing Saudi Arabia's production down to about 4.5m barrels a day (b/d) from a peak of almost 10m soon after the Islamic revolution in 1979, it could easily have to pay a high price if Opec's inability to reach an accord develops into an open struggle between producers over a still stagnant market.

Now, Arab Gulf states, which face growing cashflow problems, are threatening to go it alone to boost their share of the market. If they do, it can only mean that the market share currently taken by Iran because of its low price policy is to be fought over. Iran — publicly hawkish on oil prices — presently charges some $30 per barrel for its crude compared with the Opec reference price of $34.

Over the past year, Iran's ability to undercut its oil producing colleagues has enabled it to increase exports from a 20-year low of 400,000 b/d reached at the very end of 1981 to almost 3m b/d.

Just as in the Shah's time, Iran wishes to maximise revenue from its diminishing asset rather than conserve Opec unity for the sake of good market management over the coming decades; something which producers with much larger reserves have a contrastingly strong interest in.

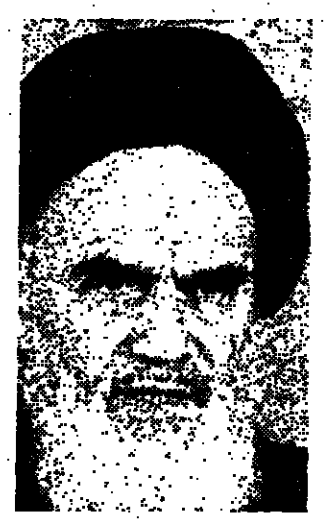
Today, Iran is as dependent as ever on "black gold" to pay for its food and raw material imports and, over the last two years, to buy armaments to fight the Gulf war with Iraq.

Iran's desire to see Saudi Arabia and its conservative allies brought low has other dimensions. For these states have loaned tens of billions of dollars to President Saddam Hussein of Iraq, enabling him to continue fighting thanks to fresh supplies of Russian equipment, in spite of reverses at the front.

Staunching the cash flow to the once fabulously wealthy conservative Arab states is therefore seen by Tehran as a legitimate part of the Gulf war. "Why should the Arab states freeze us out of the oil market, then use their vast surpluses to finance Iraq in its war against us an dnot expect us to act to protect ourselves?" asks one Iranian oil ministry official.

Iran's dependence on its oil revenues is underlined in the proposed budget for the year due to start on March 20. A record Rials 3,620bn (£27.3bn) is scheduled for spending programmes. Most of the critical items amount to between $15bn and $20bn, will have to be imported and paid for from oil revenues.

With more cash in hand, until now, Iran's mercantile tradition seems to have reasserted itself over the demands of tight state control on trade and the economy as a whole. The essentially conservative alliance of the bazaar with the majority of the clergy appears to be gaining ground at the radicals' expense.



Ayatollah Khomeini . . . could become victim of an open struggle over oil prices

Gone are plans for barter trade; full state control of trade is out; an extensive land reform programme is blocked. In Tehran, the bywords now are management, profits, and the virtues of private wealth honestly come by.

Little of this change in economic attitudes could have taken place without the massive shot in the arm which growing oil sales have provided. Only a year ago, the national treasury contained only $500m (£324m) in foreign exchange—roughly 10 days' worth of imports. Today that figure has grown to around $4bn, including gold holdings.

When hard currency was in short supply, a fortress economy dominated by the government distributing goods through a tight rationing system seemed to fit the needs of the moment. Now that has all ended.

The regime is rapidly coming to depend on its higher oil revenues rather than trying to manage at a more prudent level. Imports in the eight months to last November averaged almost $1.5bn per month according to customs returns, substantially higher than the $900m target set by the Central Bank during the foreign exchange crisis of late 1981.

This year's proposed budget, likely to become the subject of intense parliamentary debate, conceals more than it reveals. However, deficit financing and its associated problems are clearly here to stay. The Government owes a higher sum of money to its own domestic banks than the gross national product, estimated at Rials 2,900bn (£22bn).

The war is scheduled to receive a special budget of Rials 350bn, but Tehran will almost certainly spend twice that. In the current year to March, the Rials 400bn earmarked for the war was "85 per cent spent within the first six months" according to one minister.

Domestically, much of the regime's future has to depend not just on its largely cosmetic campaign to redress human rights abuses, but on its ability to get the economy moving again.

This involves a political tilt in favour of those who can make the most contribution to running industry, and in turn political concessions to ensure that they continue to come out of hibernation and get on with the job.

The Government is already moving in this direction, but there is vast institutionalised resistance to any such move to wind the revolutionary clock backwards. Even more important, such a policy means a redirection of spending, an import boom of sorts and the freeing of the hands of the indigenous entrepreneurs.

The source of additional funding needed for such a policy can only be oil. Iran's fledgling industries can do no more than hope to meet a limited proportion of domestic demand for years to come.

The damage done to Opec by Iran's campaign against the conservative states may well have paid dividends in the short term. But faced with falling prices and lower demand for its oil it may eventually wish it had left the cartel stronger to face the present slump in world demand.

Irans initial reaction to tougher competition for its market share, which it believes should be 2.5m to 3m b/d, will almost certainly be to discount more deeply against the Opec reference price. In doing so it will invite others to follow and lower its revenues without necessarily being able to boost the volume of sales. This would place in jeopardy stabilisation at home and could see the radicals once against pushing themselves forward.

War of words heats up over peace plan for Lebanon

BY DAVID LENNON IN KIRYAT SHMONA

LEBANON, whose political weight in the Middle East has never been great, is being pushed aside as Jerusalem and Washington battle over terms for an Israeli withdrawal.

Even though a Lebanese delegation met in Kiryat Shomona yesterday with Israeli and U.S. negotiators for the tenth round of talks, there was little for them to say or do.

The U.S. accuses Israel of being intransigent, while Israel blames the U.S. for blocking an agreement with Lebanon. Underlying the disagreement is the Middle East peace plan of President Ronald Reagan.

The Israelis, and particularly General Ariel Sharon, the Defence Minister, have accused the Americans of preventing an agreement with Lebanon because of the attitudes it has adopted in the talks

But the U.S. view is that if Israel were to force a peace treaty on a country as fragile as Lebanon, it would expose it to intense pressure from other Arab countries, which could undermine its stability and government.

The war of words heated up yesterday, with Israel leaking the outline of the U.S. proposals for a settlement with Lebanon. Alongside the news was the assertion that these proposals would rob the Israeli terms of any content.

According to the Israelis, Mr Philip Habib, the special U.S. Middle East envoy, opposes any Israeli-manned anti-terrorist surveillance bases in southern Lebanon. He wants a beefed-up United Nations or multi-national peace-keeping force in southern Lebanon, and suggests that the negotiations on mutual relations ("normalisation") be held within the framework of the 1949 Israeli-Lebanon armistice agreement.

Jerusalem is insisting that a few hundred of its men be stationed in south Lebanon after the withdrawal. It opposes any international force in the south, and wants agreement on future relations to have the trappings of a full peace treaty in all but words.

Israel does not want to have to enter into talks aimed at its eventual withdrawal from the West Bank. But the U.S. wants rapid progress on the Lebanese issue to encourage King Hussein of Jordan into talks on the future of the West Bank.

The officials attending the talks yesterday retired for a leisurely lunch at the picturesque kibbutz Kfar Giladi under snow-capped Mount Hermon after a morning of sub-committee meetings. The only achievement was an agreement to hold sub-committee meetings at Natania, just north of Tel Aviv.

But the gentle pace of the face to face negotiations is deceptive. The real talks being conducted between Jerusalem and Washington have an increasingly strident tone.

Milestone for Japan's inter-island tunnel

By Roy Garner in Hakodate, Japan

A MAJOR milestone in the construction of the Seikan undersea tunnel, which when completed will be the world's longest, was celebrated yesterday. The tunnel is intended eventually to provide a rail link between the main Japanese island of Honshu and the island of Hokkaido to the north which is separated by the turbulent 24-kilometre-wide Tsugaru Strait.

Triggered by a phone call from Prime Minister Nakasone in Tokyo, an explosion blew out the final section of a pilot bore 300 metres below sea level and running parallel to the nearly-completed main tunnel, following which workers from the two sides met for the first time amid nationally-broadcast celebrations.

The project has been widely described as one of the greatest engineering projects of the century. However, owing largely to the major financial problems of the Japan National Railway (JNR) system, the originally intended use of the tunnel as a key link in a Shinkansen bullet train service northwards from Tokyo to the Hokkaido capital of Sapporo is in doubt, and many commentators have described the project as obsolete, following the fast-growing use of air services between the two cities.

It is 19 years since work on the tunnel first began in 1964, and costs have swollen from a 1971 estimate of Y200bn to the current figure of Y531bn (£1.45bn).

Construction has involved immense technological difficulties, notably a nightmarish geological formation which has involved the negotiation of nine separate strata, necessitating the use of several pilot bores. More than 2,000 workers are employed on the project, which has survived despite three major floodings and budgetary setbacks caused by the 1973 oil crisis.

The main Seikan tunnel is 15.4 metres high and 10 metres wide and has a length of 53.85 km, 23.3 km of which are under sea.

The Japan Railway Construction Corporation has scheduled completion of the final 2.7 km of the main tunnel for 1985 or 1986.

AMERICAN NEWS

Democrats set to attack Reagan's tax policies

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

DEMOCRATS in the U.S. House of Representatives are planning a major assault on President Reagan's tax policies, following the announcement of the Administration's new economic and budgetary programme in Tuesday's State of the Union address.

Mr Tip O'Neill, the Democratic House Speaker, said that the Democrats would launch a "big push" to change the final 10 per cent instalment of Mr Reagan's three-year tax-cutting programme, due on July 1, and would also try to abolish the provision linking income tax brackets to inflation from 1985.

The Democrats want to find a way to limit individual receipts from the July cut, possibly to $700 (£466) a head, to ensure that poorer Americans are the main beneficiaries. Mr O'Neill concedes, however, that the plan, strongly opposed by Mr Reagan, may not pass the Republican-dominated Senate.

Mr O'Neill is more confident that Congress will succeed in overturning the indexing scheme.

He believes that many Republicans feel equally strongly that Mr Reagan was wrong to have given so much away through indexation when the nation is faced with escalating deficits and needs money for social programmes.

The Democrats have also said that they will oppose Mr Reagan's "standby" taxes, due to come into operation from October 1985, if the deficits are still out of control.

Meanwhile, the White House rapidly withdrew, with some embarrassment, an off-the-cuff remark by Mr Reagan on Wednesday that it was "very hard to justify" the U.S. corporate income tax.

The Right has long argued that the system is unfair because it effectively subjects investors to double taxation—when individual income taxes on dividends are added.

Before making his statement to a business audience in Massachusetts, Mr Reagan said that he was "probably going to kick" himself for raising the issue.

He went on to say, however, that the tax was something to "study during the Administration's efforts to simplify the tax system as a whole."

Yesterday, the White House said the issue was "not on the front-burner. It is not on the back-burner. It is not being considered in any way, shape or fashion."

Any move to end the tax would clearly reinforce charges from Mr Reagan's opponents that his Administration favours big business and the rich at the expense of the poor. Although quickly retracted, Mr Reagan's statement is unlikely to diminish that impression.

The continuing debate over Mr Reagan's State of the Union message brought further attacks on his plan to cut defence spending by only $8bn (£5.3bn) in next year's budget—a figure that even many Republicans believe to be too low.

In a tense meeting with Senate Republican leaders, Mr Caspar Weinberger, Defence Secretary, adamantly refused to agree to additional cuts, insisting that the proposed cut was as far as the Pentagon could go if national security was not to be endangered.

Mr Howard Baker, the Republican majority leader in the Senate, predicted that Congress would increase the cut to $11bn-$12bn or more—although he thought the $22bn called for by Senator Edward Kennedy (Democrat, Massachusetts) was "too high."

BIS agrees to $500m short-term loan for Argentina

By Peter Montagnon

THE BANK for International Settlements in Basle has agreed to make a short-term loan of $500m (£333m) available to Argentina following that country's recent conclusion of a loan package totalling $2.2bn from the International Monetary Fund.

The loan is being backed by several central banks which are shareholders in the BIS, although the Bank of England has already said it would not participate in the operation.

With the BIS loan, Argentina has put in place another plank of its debt rescue package which also includes a $1.1bn bridging loan from commercial banks and the refinancing of around $5.5bn in bank loans maturing this year.

Still to be formally concluded is a $1.5bn medium-term loan at present being arranged from commercial banks.

Argentina's request for a bridging loan has been on the drawing board in Basle for several months. But agreement has been slow because of Argentina's unwillingness to bow to BIS requirements that it pledge its gold reserves as collateral for the operation.

With the new loan, Argentina has managed to avoid making such a pledge, but the total has been reduced to $500m from the originally requested $750m.

The BIS only formally agreed to the transaction after full IMF board approval of its $2.2bn loan package to Argentina this week.

It is understood that the issue of the gold pledge may have also been less crucial for the BIS because Argentina holds almost all of its 4.4m oz of gold reserves at the Basle-based bank.

Today, Argentina is scheduled to draw the second $400m tranche of its $1.1bn bridging loan from commercial banks.

This is going ahead despite continuation of limited arrears on foreign payments by some Argentine borrowers, due basically to bureaucratic problems.

Tim Coone finds the Sandinistas' downfall being plotted in San José

Nicaraguan exiles look for help

"YOU ARE going to be speaking to the next President of Nicaragua," said a faithful aide in the office ante-room. Sr Alfonso Robelo, juggling with a packed schedule, was already one hour late for our appointment at his office in San José, the capital of Costa Rica, and was tied up with an urgent phone call.

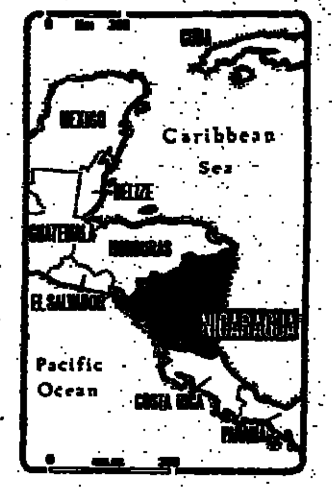
Sr Robelo is a former member of Nicaragua's revolutionary government and left the country last year to lead the Nicaraguan Democratic Movement, his party, in exile. He and other exiles, such as Sr Eden Pastora, the charismatic former Sandinista guerrilla leader, are piecing together a coalition party for which they hope to win international support.

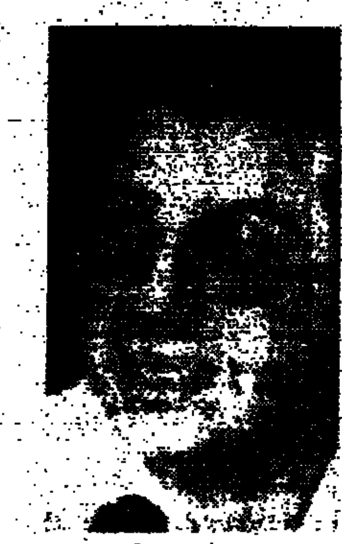
They aim to depose the left-wing Sandinistas who toppled the corrupt dictatorship of Gen Anastasio Somoza after a bloody civil war in 1979.

Sr Robelo believes that the ruling Sandinista Liberation Front (FSLN), is building a one-party Marxist-Leninist state, and that they intend holding on to power, even though elections are scheduled for 1985. He said: "We are demanding that elections be held by June (this year) at the latest, to avoid any further violence.

He was referring to the conflict of Nicaragua's northern border with Honduras, where almost daily attacks by right-wing counter-revolutionaries, or *contras* take a regular toll on the lives of peasant farmers, volunteer coffee-pickers and local militia.

The *contras*, mostly comprising former members of Gen Somoza's notorious National Guard, are well equipped with U.S. made weapons and operate from bases within Honduran territory. The brutality of their attacks has triggered widespread repugnance throughout Nicaragua.





Alfonso Robelo:

Sr Robelo and his allies strive—unsuccessfully—to distance themselves from the attacks. He says: "We are not counter-revolutionaries. We totally identify with the original principles of the revolution."

Nonetheless, guerrilla camps discovered recently in Costa Rica by security forces there have been linked with several of Sr Robelo's allies.

Their joint political programme is also very similar to that of other Nicaraguan exiles in Costa Rica who are less circumspect about their links with the Honduran-based *contras*. Whether he likes it or not, for many Nicaraguans, Sr Robelo remains associated with the northern violence.

Large - scale military manoeuvres by Honduras and the U.S. are scheduled to begin next Tuesday, which at one point will come within 15 miles of Nicaragua's northern border.

The Nicaraguan Foreign Ministry has condemned the exercises as being designed "to intimidate Nicaragua and to give support and encouragement to former members of Gen Somoza's National Guard based in Honduras." Certainly, the manoeuvres are keeping the Nicaraguans on edge and sceptical about the possibilities of reducing tensions in the region.

However, the threats to the Nicaraguan Government, real or perceived, have been offset by some important diplomatic successes which have increased its prospects for survival.

Father Miguel d'Escoto, the Nicaraguan Foreign Minister, said this week: "One of the fundamental objectives of our foreign policy is diversification. We believe that we must establish relations with as many countries as possible and not be in a position where we are dependent on only one."

It is a policy which has paid dividends. The non-aligned movement summit held in mid-January in Managua made sharp attacks on economic and military measures by the U.S. to destabilise Nicaragua. Nicaragua's success in winning a seat on the UN Security Council was also "a major victory for us and a defeat for the U.S.," said Father d'Escoto.

Sr Robelo and his allies have apparently found few supporters beyond the company boardrooms in Managua. The Sandinistas refuse to talk to him and he, for his part, believes in an ultimate military victory over them. "When the time comes, we will be counting on large sectors of the police, the militias and the armed forces to turn against the FSLN," he said.

To talk to soldiers and peasant farmers near the border leaves no impression of them shifting their allegiances, however. Nonetheless, it does not prevent Sr Robelo's faithful aides from continuing to believe in his eventual presidency.

U.S. may bid to end Belize, Guatemala row

By Hugh O'Shaughnessy

THE U.S. Government is expected to try to convince the Guatemalan regime of Gen Efrain Rios Montt to return to the negotiating table after the swift collapse this week of talks in New York on Guatemala's territorial claim against its neighbour Belize.

The U.S. is keen that the British garrison in Belize, which is protecting the newly-independent country against any attack by the Rios Montt regime, should stay as a bulwark against any militant left-wing threat within Belize itself.

Washington sees the offer by Gen Rios Montt to reduce Guatemala's claim from the whole of Belize to only the southern fifth of the country as a well-meant but naive bid to settle the border problem.

Funds allocation will head development aid agenda

BY ANATOLE KALETSKY IN WASHINGTON

THE ALLOCATION of international development aid between China, India and sub-Saharan Africa will head the agenda next week when negotiations on the future of the International Development Association (IDA), the world's largest provider of soft loans to very poor developing countries, resume in Paris.

The current agreement between the 33 governments, which donate $3.5bn (£2.3bn) a year to IDA, runs out in July next year.

China will become eligible for IDA loans for the first time next year. Because of this, the association's ability to continue as the largest single provider of external finance to some of the poorest and least credit-worthy small developing countries will depend on donor countries' willingness to provide considerably larger sums in the three years ahead.

The World Bank, which administers IDA from Washington, has asked for a minimum of $17bn over three years to enable the association to build up loans to China, while continuing to help its neediest clients.

India, the recipient of over 35 per cent of all IDA loans between 1981 and 1983, will have to accept a substantial cut in its IDA borrowings.

Even with such a cut, however, the funds available to all developing countries would be reduced under the plan for a $17bn replenishment proposed by the World Bank.

To maintain IDA lending in real terms at its current level would require at least $21bn from the donor countries, a sum which the bank regards as unattainable.

Quebec 'to prosecute striking civil servants'

QUEBEC CITY — Quebec's premiere M Rene Levesque said yesterday the provincial government would start legal action against civil servants who join an illegal strike which threatens to paralyse the province.

M Levesque said the Quebec Parliament would be called into special session to end the strike, which began on Wednesday, if hospital workers joined.

The civil servants are protesting against the Government's 20 per cent wage cut for the next three months and withdrawal of their right to strike.

A coalition of unions representing about 200,000 of the Government's 325,000 employees have called the stoppage, saying they plan to close government offices, hospitals and schools throughout the province by February 1.

Teachers and staff members of Quebec's junior colleges walked out on Wednesday in the first phase of the strike. But 73,000 elementary and secondary school teachers delayed their walkout to conserve sagging strike funds.

Swiss court rules against U.S. in Santa Fe case

LAUSANNE — The Swiss Supreme Court has ruled that under a 1973 bilateral co-operation treaty with the U.S., Swiss Banks cannot be forced to disclose the names of clients who allegedly had insider knowledge when they used the banks' services for trading shares of Santa Fe Corporation of the U.S.

U.S. Justice Department officials investigating the case had sought the release of the names.

The transactions occurred in the U.S. prior to the purchases of Santa Fe by Kuwait Petroleum Corporation. They also took place before the conclusion of an accord last year that will require Swiss banks to disclose such information to U.S. officials investigating cases of alleged insider trading.

Insider trading activity is not legal in the U.S., but is allowed in Switzerland, although Federal officials in Berne are drafting legislation to make it unlawful.

AP-DJ

WORLD TRADE NEWS

Iran agrees to pay some Bandar Khomeini debts

BY JUREK MARTIN IN TOKYO

IRAN HAS agreed to pay some of the outstanding consruction debts owed to Japanese companies on the ill-fated Bandar Khomeini petrochemical facility on the Gulf coast.

In return, the Japanese companies have agreed to dispatch technical teams to Tehran in April, but not necessarily to the site itself, to "advise" the Iranians in assessing the damage inflicted on the facility by Iraqi bombers at the outset of the Iran-Iraq war.

This agreement, negotiated in Tokyo in the past few days by an Iranian director of the Iranian - Japanese consortium, does not mean that the Japanese side has revised its opinion that the project is not feasible.

Officials at Mitsui, the largest Japanese shareholder, agreed that the Iranian offer to repay some outstanding debts does constitute somethiñg of an advance in the previous Iranian negotiating position.

But in Japan this is seen as being dictated by Iranian internal consideration: specifically, the Iranian national budget is now in its formative stage and ICDC, the Iranian partner in the budget, needs to secure continued appropriations, for which at least the promise of continued Japanese interest is useful.

The Iranian offer is to pay Y3bn (£8.1m) in two instalments, Y1bn next month and the balance four months later, to four Japanese companies, led by Mitsui Shipbuilding and Engineering.

Japanese officials report that, all told, Y13bn in unpaid construction costs are owed to a total of 28 companies and Iran is expected to make similar arrangements with the other Japanese companies shortly.

However, in spite of the dispatch of engineering teams to Tehran in the spring, not the first such Japanese mission in the last year, restarting work on the $3bn project, with or without Japanese help, appears a long way off.

Late last year, Iran approached the government of South Korea for the technical advice that Japan was reluctant to provide without a categorical assurance, still not forthcoming, that Iran underwrites all future expenses.

The Japanese side has made no secret of its belief that no other nation has the technological competence and the political will to complete work on such a complex facility as Bandar Khomeini was designed to be. Certainly as long as the war with Iraq lasts, substantive movement is unlikely.

Export talks end in Tokyo

TOKYO — European and Japanese negotiators ended three days of talks here yesterday with the Europeans calling for "clearly defined moderation" in Japanese exports to the European Community.

But the Japanese side "refrained from giving any precise figures," said Mr Raymond Phan Van Phi, director of the Japan relations division of the European commission.

The EEC delegates this week urged Japan to reduce exports of VTRs, colour TV sets, cars and seven other products. The Japanese were not specific about any steps they would take, he said.

Both sides pledged to broaden co-operation in the fields of energy, science and technology and north-south relations, Mr Phi said.

He said the EEC delegates expressed appreciation for market-opening measures taken by Japan, including the establishment last year of the office of trade ombudsman and the liaison office of the bureau of standards. He said he hoped the Japanese unit of measurement would be co-ordinated with international standards.

More talks will be held when vice-presidents of the Brussels-based EEC commission, Herr Wilhelm Haverkamp and Etienne Davignon, come to Tokyo for ministerial-level meetings February 7-9.

● Japan and Canada started two days of talks in Tokyo yesterday to negotiate Japan's self-control on automobile exports to Canada during the January-March period following the recent visit by Canadian Prime Minister Pierre Trudeau, Government officials said.

Similar talks were held twice last year and both sides agreed to set Japan's auto export limit at 121,000 units between April and December last year. But they disagreed on the quota for the January-March period.

Canada is expected to ask Japan to specify a concrete figure for export control for the period and make a clear commitment about continuing the restraint after April.

Japan intends to resume full-fledged talks with Canada following negotiations with the U.S. expected to be held shortly to fix a similar limit of auto export restraint for a third year.

U.S. set to become top soda ash nation

BY CARLA RAPOPORT

THE world trade patterns of the soda ash industry will change dramatically by the end of the decade, with the U.S. emerging as the world's leading low-cost supplier of soda ash.

These and other conclusions about the soda ash market were presented at a recent London conference of the industry, organised by the Society of Chemical Industry.

Mr Roger Shamel, president of Consulting Resources Corporation of the U.S., told the conference that U.S. exports of soda ash are likely to increase from about 12 per cent of total U.S. demand in 1980 to around 20 per cent of demand in 1990. This means a jump in exports from nearly 1m tonnes currently to around 1.8m tonnes by the end of the decade.

This increase comes at a time when the industry is facing a significant slowing in growth rates. Soda ash is used primarily by the glass industry, but this dependence will slacken during the 1980s because of the packaging industry's increasing preference for plastics for bottles. A further skid under this market is the industry's increased use of recycled glass.

Mr Shamel said the U.S. soda ash industry's strength stems from the huge trona deposits in Wyoming, which he said could supply the U.S. industry with its raw material for the next 100 years.

The European producers, which are led by Britain's ICI, Solvay in Belgium, and Akzo, the Dutch chemical company, will do well to maintain their position in the world market, he said.

Any growth in the marketplace, he reckons, will go to the U.S. The major U.S. company involved in soda ash is Texas-Gulf Chemicals, which is owned by Elf Aquitaine, the French energy group. Other U.S. producers are Stauffer, FMC, Tenneco, and Kerr-McGee.

In his report to the conference, Mr Shamel predicted that Western Europe's share of the world production of soda ash would slip to 21 per cent, compared to 24 per cent in 1980. The U.S. market share will increase from 28 per cent to 30 per cent. Overall, the market is expected to grow by 24 per cent during the 1980s, from 29m tonnes to 36m tonnes (see table).

WORLD SODA ASH PRODUCTION 1980-1990 (million tonnes)*

Region	1980	1990	% change
Western Europe	7	7.6	+ 8.5
North America	8.2	10.8	+32
Eastern Bloc	9.3	10.8	+16
Asia and Oceania	3.8	4.7	+24
Latin America	.6	1.1	+83
Africa and Middle East	.3	1.1	+266
Total	29	36	+24

* Source: Consulting Resources Corporation, Lexington, Mass., U.S.

For the U.S., Mr Shamel forecast that recycled glass would account for about 25 per cent of the glass industry's needs by the end of the decade, up from 6 per cent in 1981.

Of potentially greater threat to the soda ash industry, however, is the significant advances forecast for the plastic, or PET, bottle.

"In the U.S., PET bottles have captured virtually all of the 2-litre soft drink bottle market and are starting to make significant inroads into the ½-litre soft drink bottle market. By 1990, about half of all U.S. soft drink containers are expected to be fabricated from plastics," he said.

Nigeria offers crude to India

BY K. K. SHARMA IN NEW DELHI

NIGERIA has offered crude oil supplies on a long-term basis to India on terms that can be mutually settled and the Indian Government is considering the offer in terms of its needs.

The crude will be accepted only if it helps India's balance of payments. This means that the prices must be competitive because the Government now imports all its oil from the Middle East and Russia against firm contracts arranged on a Government - to - Government basis.

Crude, petroleum products and liquified gas are among the items that Nigeria has offered to India in talks held in New Delhi in the last three days during which Mr Shehu Shagari, the Nigerian President, has been in India on a state visit. Other potential exports from Nigeria have been identified as rubber and zinc.

Mr Shagari is accompanied by Mr B. M. Yusuf, his Commerce Minister, who yesterday signed a trade protocol with his Indian counterpart, Mr Shivraj Patil, calling for increased co-operation. A three-year trade agreement was also signed seeking balanced bilateral trade.

The two countries agreed to set up a joint committee to implement the agreement, which will be automatically renewed for a further three-year period.

The protocol and agreement were signed in the presence of Mr Shagari and Mrs Indira Gandhi, India's Prime Minister, who have held talks on improving political bilateral relations in the context of the forthcoming non-aligned summit to be held in New Delhi in March.

The agreement on trade provides for both countries most-favoured-nation status on imports, exports, customs duties and taxes. The joint committee will compare trade statistics on a yearly basis to reduce the imbalance and suggest measures for expanding economic co-operation.

Shehu Shagari

Saudi health care market still buoyant

By Gareth Griffiths

SAUDI ARABIA looks set to remain a buoyant market for health care imports for the rest of this decade, according to a report* on the Kingdom's health care market.

The report, by World Medical Markets, found that a continued expansion of medical spending by the Saudi Government remained a priority despite the downturn in oil revenues. Priority will be given to completing the construction of hospitals already under way and building 36 hospitals with a capacity of 7,550 beds between 1980 and 1985.

Health care in Saudi Arabia has been provided mainly by the public sector, but the official health plan aims to encourage the expansion of the private sector. Both types of expansion should provide opportunities for Western involvement.

Total health care spending by the government is expected to be shielded from cuts elsewhere, and in the current year spending is up 20 per cent to £1.5bn.

Total planned expenditure on health for 1981-85 is around £6.7bn plus extensive expenditure on military hospitals and private sector developments.

The report finds a similar buoyancy in medical equipment imports.

**Saudi Arabia, a healthcare sector profile. World Medical Markets, £75.*

JVC plans domestic launch of videodisc in April

BY OUR FOREIGN STAFF

VICTOR of Japan (JVC) said it will launch its videodisc system on the domestic market on April 21.

Launching of the JVC developed video high density disc (VHD) system, due last year, was postponed because the company said the market was weak.

Plans to launch the VHD system in Europe and the U.S. were also postponed indefinitely last year. Thorn EMI, JVC's UK partner in the system still has no plans to introduce the video disc in the UK. Thorn EMI had invested £20m in disc pressing plant in Swindon and associated costs.

JVC's announcement is believed likely to prompt Matsushita Electric to launch its system around the same time. Matsushita owns about 51 per cent of JVC.

The system works by passing an electronic tracking system over a grooveless disc, which allows users to start playback immediately at any point on the disc.

JVC said it already has the capacity to make 10,000 sets, costing about Y150,000 (£705) each, a month but expects to sell about 500,000 in the first three years, 150,000 in the first year.

At present Pioneer is the only company selling videodiscs in Japan, but they are based on the more sophisticated laser-vision system developed by Philips of the Netherlands, and cost more.

Israeli trade with Lebanon is flourishing

BY DAVID LENNON IN KIRYAT SHMONA

ISRAEL'S "cash-and-carry" trade with Lebanon totalled $50m in the last half of 1982, following the Israeli invasion and occupation of the southern half of the country in June.

Not all the goods remained within Lebanon. Israeli officials reoprt that 1,100 tonnes of salt bought in Israel by Lebanese traders went to Syria, which was suffering a shortage.

Even more startling was the fact that Israeli biscuits, made by the Osem company, were transhipped by the Lebanese to Iraq.

This is interesting, given that Israel has also suplied war material to Iran, which has been locked for the last two years in a war with Iraq. Tadiran Batteries, also Israeli-made, have also found their way to Syria.

Relations

While Israeli, Lebanese and U.S. negotiators discuss "normalisation" of relations, Lebanese and Israeli traders have been indulging in their own normalisation for the last six months.

The majority of products sold to Lebanon are consumer goods with items such as video and audio and other electronic equipment being among the most popular items. These are imported through Haifa, where they are taken from the bonded warehouses into Lebanon, without incurring any Israeli taxes.

Israel has not been encouraging the export of standard agricultural produce to Lebanon because items such as apples would compete with Lebanese farm produce. Despite this, even during the seige of Beirut, Israeli onions packed in the boxes of Agrexco, the Israeli agricultural marketing company, found their way in.

Most of the Israeli exports are transported into Lebanon on Israeli trucks and the bulk of trade is carried out on a cash-and-carry basis, with the Lebanese merchants paying for the Israeli produce on the spot. Where it was necessary to pay large sums, some Lebanese traders have opened Israeli bank accounts to facilitate the use of letters of credit.

Three-fold

In only six months, Israeli-Lebanese trade had exceeded trade between Israel and Egypt three-fold.

Ministers consider new grant limits on regional projects

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS for imposing a top limit on the amount of money paid in automatic government grants for major capital projects are being studied by ministers as part of a wide-ranging review of regional policy.

The review, which is likely to cause the Government considerable political embarrassment in the run-up to the general election, also covers the ideas for directing regional aid towards new businesses and job creation.

Ministers are also considering whether special measures should be introduced before the summer to help the West Midlands.

A top limit of perhaps £10m per project is being considered for automatic regional development grants, which last year took up £616m of the Industry Department's £876m regional aid budget.

Other proposals include revising the areas receiving regional assistance and merging the regional aid budget with the Environment Department's £313m expenditure on urban policy.

Regional and urban aid might then be administered by a single ministry, an idea which has led to some fierce Whitehall infighting between the Environment and Industry Departments.

The proposals are contained as a series of options in a secret report prepared by a committee of senior civil servants from more than eight Whitehall departments, under the chairmanship of Mr Michael Quinlan.

The report has presented ministers with the necessity to come to politically sensitive decisions which could affect the Conservative Party's prospects in the general election.

On the one hand it would be electorally disadvantageous for the Government to announce severe cuts in the regional development grant system without having a new set of regional inventives – which would take a long time to prepare – ready for immediate introduction.

An electoral bonus would be gained, however, if help could be provided for the West Midlands, which has suffered particularly seriously during the recession

There have been some calls for the region to be given full assisted-area status.

The pressure on ministers to make a statement about regional policy will increase in the coming weeks. Industrialists have begun to ask the Industry Department to give public assurances about the continuity of aid for capital projects now being planned for the next two or three years.

Water strike hardens

By Philip Bassett and Ivor Owen

BRITAIN'S all-out national water strike seems likely to continue. Early results of the water workers' ballot on the employers' "final" pay offer of 7.3 per cent over 16 months are showing a clear majority in favour of rejections.

A call by Scottish leaders of the National Union of Public Employees (Nupe) to their 600 water members to strike from midnight in advance of voting by other Scottish water workers has been rejected, however.

In the House of Commons Mrs Margaret Thatcher, the Prime Minister, said that having agreed to the appointment of a mediator the water workers should accept his verdict and return to work.

She condemned their strike and stressed that the pay increase already available to them meant that their average pay would rise to £145 a week.

To cheers from the Government benchers Mrs Thatcher said: "Most people will feel, with that on offer, it is totally unjustified to put the elderly, children and everyone in great difficulty with their water supplies."

The results of most of the ballots in England and Wales will not be known until today

Biffen rejects June election

BY PETER RIDDELL, POLITICAL EDITOR

MR JOHN BIFFEN, the Leader of the House of Commons, yesterday became the first minister publicly to suggest that there would not be a general election earlier than October.

Referring to the "flood of money" on a June election, Mr Biffen said his instinct told him, "certainly for the present, to expect the general election not earlier than October."

He added that this view was "quite devoid of inside information." But Mr Biffen is the minister responsible for co-ordinating Government publicity and the statement was issued by Conservative Central Office.

The apparent aim is to dampen City speculation about a June election. Ministers are determined not to be pushed into a premature election by turbulence in currency markets. But a number of Conservative MPs, notably those with marginal seats, favour a June election, once the change in parliamentary boundaries has been implemented. They do not want to risk a reduction in the present Conservative lead in the polls.

The implication of Mr Biffen's comments is that the Government wants both to retain its options and to keep everyone guessing for as long as possible.

The known preference of Mrs Margaret Thatcher, the Prime Minister, is for a later date.

Mr John Biffen

MPs attack North Sea tax system

BY RAY DAFTER, ENERGY EDITOR

AN ALL-PARTY committee of Members of Parliament has attacked the North Sea oil tax system which, it claims, is slowing the exploitation of new fields.

The Energy Select Committee says, in a report on oil depletion policies published yesterday, that tax reliefs included in last year's spring budget did not go far enough. It was even possible that discounted post-tax returns on a high-cost or economically-marginal field would be lower under the revised tax system.

"We are not persuaded that the structure of the new tax system represents a significant improvement, or that it will encourage the development of the high cost and marginal fields which will be of crucial importance if a high level of production is to be maintained during the 1990s and beyond," the report says.

The committee's conclusions will reinforce the oil industry's campaign for further tax cuts in the next budget on March 15. Sir Geoffrey Howe, the Chancellor of the Exchequer, is widely expected to offer some concessions to offshore oil companies.

While accepting that the nation should obtain a "large share" of the proceeds from North Sea oil, the committee is concerned that the present tax scheme may be stifling some developments. "Were it not for the negative effect of the fiscal system, we believe that the pace of development of such (new) fields would be faster."

The report says that the need for tax changes has been reinforced by the likely fall in real oil prices.

Britain's balance of payments surplus increases to £4.6bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S SURPLUS on the current account of the balance of payments last year was £4.6bn, substantially better than the Treasury was expecting in November.

According to official figures published yesterday this partly resulted from a large surge in the surplus earned on oil trade from £1.3bn in the third quarter to £1.7bn in the final quarter.

Exports of other goods also held up well towards the end of the year. the average volume of non-oil exports in the last three months of the year was nearly 6 per cent higher than the average for the previous three months and 1 per cent above the average for 1981.

Non-oil imports remained steady, at a rather lower level than in the spring, although the average volume in the second half of last year was 5½ per cent above the monthly average for 1981 as a whole.

This better than expected trading performance has raised hopes that this year's current account will remain substantially in surplus rather than fall to zero as the Treasury predicted in its November autumn statement.

This prediction was widely cited as one of the reasons for the run on sterling which began in November and resulted in an 11 per cent depreciation of its effective value.

Yesterday, however, the foreign exchange markets appeared to take little notice of the more cheerful figures. Sterling's Bank of England index against a trade weighted basket of currencies closed in London at 81.1, down 0.1 from Wednesday's close.

In spite of the improved trading performance in recent months many economists are puzzled that the autumn spending spree in the shops has not been reflected either in improved figures for UK production, nor apparently in increased imports.

Ministers will be waiting anxiously to see whether an end to destocking this spring will be accompanied by another surge in imports as happened in the autumn of 1981.

Last year's £4.6bn surplus was achieved in spite of the fact that payment of a £620m rebate from the European Commission was held up and is now expected to be paid this year. This delayed payment, added to the apparently improved trading performance, is likely to raise official projections for this year's surplus to at least £1bn.

Lex Page 16

Recession causes sharp fall in coal consumption

BY CARLA RAPOPORT AND RAY DAFTER

ENERGY CONSUMPTION in Britain is still declining, according to the latest Department of Energy statistics. Overall consumption fell 3 per cent between September and November last year, compared with the same period in 1981.

This fall was led by a 10.6 per cent decline in coal consumption in the three months, again reflecting depressed industrial demand and lower supplies of coal to the electricity generating industry.

Consumption of Petroleum in the UK fell 1.7 per cent in the period. Consumption of natural gas and nuclear electricity rose 0.5 per cent and 35.8 per cent respectively.

Provisional data for the third quarter of 1982 shows energy consumption fell 1.5 per cent compared with the same period in 1981.

Production of crude oil between September to November 1982 was 27m tonnes, an increase of 17.1 per cent over 1981.

Petrol prices are to rise by up to 6p a gallon next week as a result of a new campaign, started by Texaco, to abate the forecourt price war.

Texaco said yesterday that as from midnight on Sunday its price support subsidies paid to dealers would be reduced so that the lowest price of four-star petrol would rise to about £1.69-£1.70 a gallon. The company estimated that the average price had fallen to about £1.65 and in some urban areas of intense competition to about £1.62.

British Petroleum is expected to follow suit in the next few days. Shell, one of the market leaders, said a planned reduction in pricing competition was "music to our ears."

Row over UK steel capacity

By Financial Times Reporters

THE state-owned British Steel Corporation (BSC) yesterday angrily denied trade union charges that it had been unable to meet a recent surge in orders because of cuts in manning last year.

Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said BSC's Scunthorpe works was already in that position. He feared that the problem would spread, causing the corporation to lose business to importers.

"That's rubbish," Mr Danny Ward, director of Scunthorpe Works, said yesterday. "We have the capability to meet demand."

Mr Ward acknowledged that demand has been high since Christmas at Scunthorpe, which makes heavy sections, commercial billet and plate. He attributed the improvement partly to a normal resurgence of orders following the Christmas break and perhaps some top-up ordering in advance of companies' financial year-ends in March.

Scunthorpe works, which is acknowledged to be one of BSC's best, has recently won three overseas contracts for a total of 65,000 tonnes of steel products.

London cheap fares policy back on rails

By Raymond Hughes and Robin Pauley

PLANS TO cut London bus and tube fares by an average 25 per cent, at a cost to Greater London local property taxpayers of £100m, are legal, three High Court judges decided unanimously yesterday.

Immediately after the verdict Mr Ken Livingstone, leader of the Labour-controlled Greater London Council, announced that the new fares scheme would begin on May 22. The judgment was a major step towards sanity in transport law, he said.

An earlier GLC fare cutting scheme, Fares Fair, was outlawed by the Law Lords in December 1981 and fares had to be increased substantially last March.

It is still not certain whether yesterday's decision might also not soon be overturned by law. A new Transport Bill passing through Parliament will lay levels of transport subsidy open to legal challenge if they surpass a significant but undefined level.

ERF to make more job cuts

ERF, Britain's one remaining independent heavy truck producer, has announced another redundancy programme. At the same time the company appears to be in final negotiations for a joint project with Hino, the Japanese commercial vehicle producer.

ERF wants a further 99 redundancies at its Sandbach, Cheshire, plant. These will mean that the workforce has been cut from 1,700 to 662 since 1980.

The Hino deal would involve the Japanese company supplying plans and some components for trucks to extend the ERF range.

EEC budget demand

MR EDWARD DU CANN, Conservative MP, said yesterday Britain should withhold payments due to the European Community if the European Parliament blocked the UK's 1982 budget refund of nearly £500m.

Mrs Margaret Thatcher, the Prime Minister, said she shared his concern about possible blocking by the parliament and said she kept the Government's options open.

Union car campaign

UNION leaders at the BL and Talbot car plants in the Midlands have pledged their support to the campaign by Vauxhall workers to ban imports of the General Motors' S car, which is made as the Nova car in Spain.

It is expected to arrive in the UK in March. A Transport and General Workers' Union meeting will be held early next month to decide on a co-ordinated campaign of action.

£4bn road call

THE British Road Federation, which represents the transport industry, yesterday called for a £4bn spending programme over 15 years to improve London's congested roads.

Anger at loans

MRS Margaret Thatcher, the Prime Minister, failed in the House of Commons yesterday to dampen growing anger among MPs of all parties over British involvement in the international "lifeboat" operation for debt-ridden Argentina.

She assured MPs that she shared the strong feelings, but the loans were necessary to stave off a world banking crisis.

Advertisers visualise alternatives to cable

BY LYNTON McLAIN

CABLE TELEVISION is unlikely to be much of an advertising medium for many years, Mr Michael Townsin, the deputy chairman of Young and Rubicam warned in London yesterday.

He told delegates on the second day of the Financial Times Conference on cable television and satellite broadcasting that the existing substantial outlay of disposable income on television licences, home computers and video games "makes the task of gaining subscribers for cable a formidable one."

Detailed schemes for cable systems are expected to be set out in the Government's proposed policy paper on cable in the next two months. This would not be law until summer 1984, franchise arrangements could take a year, and laying cables 18 months. It would be January 1987 before any franchise could provide a service and get subscribers.

It could take at least five years to bring cable in reach of a quarter of British households. Only half of these may choose to subscribe, giving 2.4m homes by 1991-92, Professor James Ring, a member of the Hunt Committee thinks, according to Mr Townsin.

British society is already committed to substantial regular spending on video and video recorders. Penetration in Britain is already the highest in the world at 12 per cent.

"Patterns of viewing will have changed significantly by the mid-1990s to an extent that will make it much harder for cable to gain a share of audience than would be the case today," he said.

Financial Times conference on cable television and satellite broadcasting

"If the U.S. pattern of viewing is established in Britain then ratings for basic cable channels covering special interests other than sports and news will be extremely low."

The greatest potential with cable "lies in national or semi-national advertisers targeting specific groups of consumers."

Mr David Butler, chairman of Butler Cox and Partners questioned whether cable was essential for the wide range of inter-active operations in the 1990s.

Most of the discussions had been about if, how and when to cable this country. The question why cable and not something else has largely been neglected.

"At the end of the day, it will be use of technology and not the technology itself that will determine success."

Mr Butler went on to list six options to cable systems for providing more television:

- STV, a broadcast of scrambled television signals transmitted over regular television channels.
- MDS, which operates on very high microwave frequencies. This serves half a million subscribers in the U.S.
- The use of low power TV stations for local community programmes.
- In Britain a number of bids have been made for the frequency bands that will be released when Britain closes the old 405 line TV service in 1986. These bands could provide a fifth 625 line TV channel.
- TV signals could be transmitted outside normal broadcasting hours, making more use of video cassette recorders.
- More television through direct broadcasting satelites.

Mr Bruce Fireman, a director of Strategic Planning at charterhouse Japhet, urged financial caution.

"It must be clearly understood that since cable will not be a necessity but a luxury perhaps for many years people will connect and disconnect at will."

Mr Philippe Wade, the technical counsellor at the French Communication Ministry, said 2 per cent or 500,000 of French homes with TV were connected to cable systems.

Mr Stephen Connell, chairman of Communication and Information Technology (CIT) research, said demand for cable and programming would be key issues for the future of cable in Europe. He urged that low cost had to be achieved in programming.

Dr Keith Warren, director of technology and strategic planning at Plessey, listed the essentials for cable distribution equipment. These had to be of low cost to a subscriber, have 30 channels, be proven in the field, have programmes which were "theft proof" and have a remote subscriber configuration.

Channel study broadened

By Hazel Duffy

THE Anglo-French study into the feasibility of financing a fixed link across the English Channel has been extended to enable the banks involved to examine the relevance of such a link to the entire European Community.

The study, by five British and French banks, was expected to be completed and delivered to the transport ministers of both countries by the end of this month. Last month, however, the European Commission, acting on a remit from the Council of Ministers, gave funds to extend the study.

Representatives of the banks – Midland, National Westminster, Crédit Lyonnais, Banque Nationale de Paris and Banque IndoSuez, met in Paris this week

The purpose of the study is to examine possible ways of financing the different proposals for a fixed link. The U.K. Government has made it clear that finance would have to come by the private sector, but hopes are rising that the EEC might provide funds.

TECHNOLOGY

EDITED BY ALAN CANE

CONFERENCE DEBATES MINI POWER GENERATION

Small hydros are beautiful

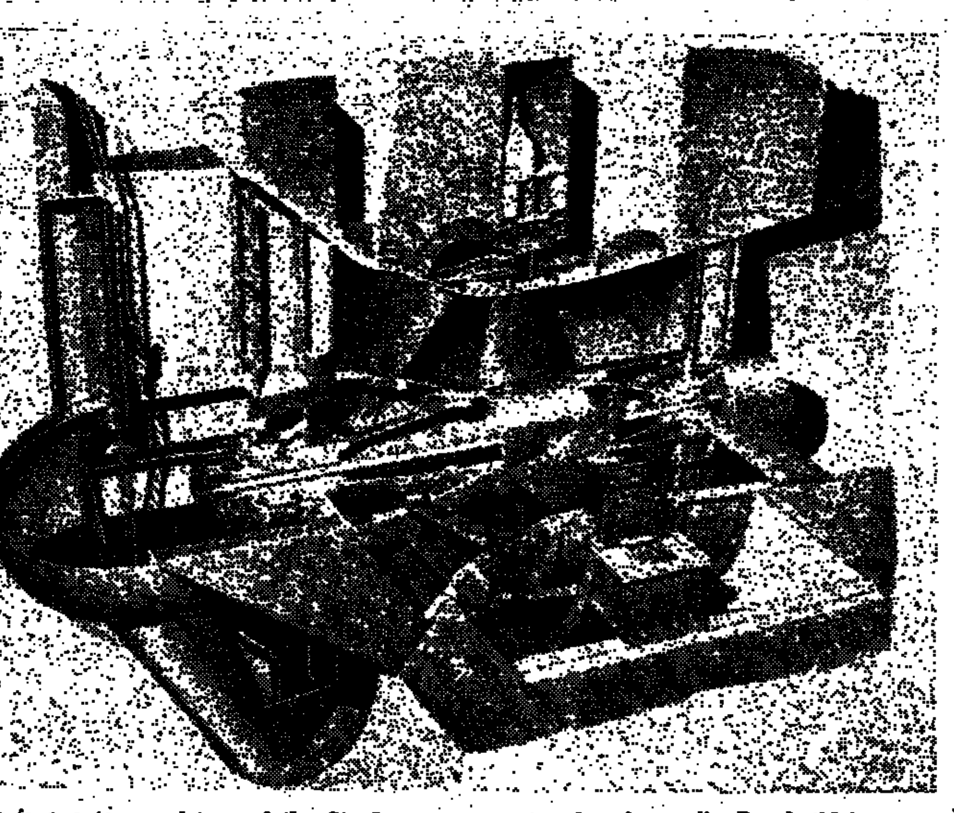
BY ARTHUR CONWAY

A MAP of Wales, speckled with opportunities for small water-turbine makers, was shown by Professor Eric Wilson at Europe's first international conference on small hydro, held recently in Monte Carlo.

Wilson, whose hydraulic engineering chair is at Salford University, was explaining the ingenious and economical method that had been used to assess the Welsh potential. He remarked on the dearth of British turbine makers as he offered this ready-made market survey to the Continental suppliers who had flocked to the conference.

They had come flocking presumably because they shared organiser Fabian Acker's confidence that, with some encouragement, small hydro will revive in Europe as well as in less developed countries.

One manufacturer after another presented a well prepared brief to show how his particular range of standardised machines covered the needs of the market. But G. McHamish of Boving & Co maintained that, for Francis and axial-flow turbines of one to 10 megawatts, there would have to be more than 200 different types and sizes if a reasonable matrix of standard machines were to be offered, and in his view the market was just not large enough to justify the necessary batch manufacture and component stocking.



This is a cutaway picture of the Straflo turbogenerator for Annapolis Royal tidal power project, the first application of this type of unit for tidal power. The 20-megawatt output could save about 80,000 barrels of oil a year. Given success of this $43-47m project the Canadians might embark on the long-standing, much- discussed Fundy Bay tidal project

Anyway, why face customers with a choice between near or nearish fits and misfits? Computer-aided design and manufacture, according to McHamish, makes possible a well matched solution to each client's problems.

Boving's system allows the relevant specification details to be fed into a terminal so that, under "a small but essential amount of designer control," all the design parameters, manufacturing drawings and numerically controlled machine-tool tapes may shortly afterwards emerge from the computer.

Fabian Acker, who masterminded the conference, is the Editor of the professional journal *International Water Power*. He argues that everybody knows how good it can be for developed countries.

Big hydro's appeal used to be universal. In the U.S. the hydro-electric capacity totals 64,000 megawatts, only 11 per cent of which is at stations of less than 30 megawatts each.

The Americans actually import cheap hydro power from Canada, mainly Quebec, Ontario and Manitoba. But nowadays big hydro gets kicks from certain environmentalists. In Sweden some of them hate it in the same league as nuclear power and have successfully thwarted its growth.

Small hydro faces little opposition of this sort. Its appeal in Europe is to consumers wanting independence of high-handed commercial fuel suppliers and of electrical grids vulnerable to bad weather.

Home-made electricity from simple, reliable machinery can be attractive enough to some industrialists, farmers and communities for them to prefer it, even when the economic case is doubtful.

In France the government helps tip the balance by offering incentives to small hydro station operators. The Americans are showing interest in small hydro too, but at Monte Carlo V. J. Ryan, President of National Hydro Corporation, Delaware, said how far down they are on the learning curve. "We need your technical expertise in small-scale hydro and please look at us in that respect as a developing nation," he told the Europeans. "we need your help."

What small- hydro users all desire, whether in industrialised or less developed countries, is a power supply that may be relied upon with minimum maintenance. Also desirable is low first cost. Simplicity of plant is an important factor with respect to both reliability and capital demand. But "simplicity" is a blanket term, open to interpretation. And there can be debate over the merit of any trade-off against efficiency.

One camp maintains that a kilowatt up or down from a capacity of a few tens of kilowatts on a given site is of no consequence, if the plant delivers without fail. Another camp maintains that efficiency is as vital as in big hydro projects, because the capital cost of less efficient plants must be higher if they are to supply the required power.

So, at Monte Carlo, there was an almost bewildering variety of "simple solutions" on offer.

There was, for instance, the up-to-date "traditional" combination of turbine and generator from the Belgian firm, ACEC. This was a revival of a concept thought obsolete by more than one delegate—a belt transmission from a rim on the turbine runner to a standard generator. Heads as low as two or three metres can, it is claimed, be exploited with this design, which gives as smooth and direct a flow path for the water as does, say, the sophisticated Straflo configuration.

Straflo, a trade name belonging to Escher Wyss of Switzerland, means what it suggests—straight flow. A Straflo set has no shaft, gear, belt or other such mechanical transmission between the turbine and the generator, either inside or outside the bendless flow channel.

The generator rotor is rim-mounted—attached directly to the turbine runner. ACEC, which makes Straflo sets in Belgium under licence, tenders modules for mini-hydro power stations ranging from two megawatts to 100 metres.

What could turn out to be an advance on the Straflo concept is the invention of Ray Nair, a Canadian engineering consultant. He told the Monte Carlo rally of success in feasibility tests on a small scale and failure, so far, to draw financial backing for marketing development of a machine that he believes could satisfy a broad spectrum of hydro needs, from the mini or micro level to Severn-estuary tidal power.

Nair puts his rotor windings into space that is otherwise unused—the middle of the turbine runner. Thus, the runner itself becomes the rotor of a salient-pole electrical machine. The stator windings go outside the turbine rim and the turbine blades have to be of material and form to carry the magnetic flux from the rotor windings to the stator.

Perhaps the most interesting new control system described at the Small Hydro Conference was the one contrived by the French company, Ateliers Bouvier.

The complexities and expense of an orthodox governor system are done away with. Instead, the turbogenerator works at a steady and mechanically healthy pace, generating constant power. All that the control system does is to divert any unrequired power into a resistive load, thus generating heat that is dumped into the countryside.

UK MARKET ATTRACTS MANUFACTURERS

Mains signalling battle

BY GEOFFREY CHARLISH

ALTHOUGH RECENT announcements from such major companies as GEC, Thorn-EMI and MK Electric have attracted most of the attention so far in the area of signalling over mains wiring, it was revealed recently by TACMA, The Association of Control Manufacturers, that there are no less than 30 companies in the UK alone poised to exploit the market.

There is understood to be equivalent activity in the U.S., Japan, Canada, France, Germany, Switzerland, Holland and Sweden—companies that are all likely to take an interest in the UK market according to TACMA.

The association says, however, that it is unable to name names. This is partly due to commercial sensitivity, but according to director designate Brian Stow, it also stems from the fact that there have been no standards to which the industry can work. The companies are apparently wary of announcing systems that might turn out to be to the wrong specification.

Most of the problems arise in terms of frequencies and the danger of interference to or from other services. Frequencies have to be high enough to avoid interference with the power industry and low enough to prevent problems with radio reception.

They might also have to be chosen carefully to avoid specific frequencies such as line scan harmonics of the ever-present television receiver.

To clarify these and other problems, TACMA has issued an interim draft code of practice compiled by a study group drawn from the trade associations, the Electricity Council and the Home Office. It is to be submitted to the British Standards Institution as a possible basis for a standard.

Basically the document lays down frequency (10 to 150kHz) and power (10mW) limitations for systems to be used within premises for control and audio purposes. It does not cover transmission between premises or with utilities' premises. The draft code also looks at message coding and formatting.

As yet, no one is willing to hazard a guess at the size of the "within premises" market for mains communication. The general view is that "the copper is there and is bound to be exploited."

But that exploitation has only recently become possible with three technical developments. One is the ability to compress circuits into integrated semiconductor "chips" at low cost. The second is the availability in recent times of controllable power switches and the third is the fact that power supply units to drive the electronics have also only recently become available at a low enough price.

It is reasonable to assume that the market will now develop quite quickly, in spite of recessional conditions. The belief is that domestic disposable income will be readily channelled into such items as burglar, fire and baby alarms, communications systems, lighting control, central heating control (with, ultimately, links from telephone lines), office systems and elderly/disabled persons' emergency systems.

Perhaps the most unexpected point to arise from the recent TACMA meeting is that mains signalling is not as new as one might imagine. The first patents were granted in 1897.

Only modern electronics is now making the idea reliable and cost effective. TACMA is at 8 Leicester Street, London WC2H 7BN (01-437 0678).

JAPANESE GEAR FOR FULL PRODUCTION

Chip set to become standard

THE 64,000 BIT static read and write memory looks set to become the standard computer memory chip of the near future as six major Japanese semiconductor manufacturers gear up for full-scale production this summer.

Three of them—Toshiba, Hitachi and Fujitsu have already shipped 64K sRAMs to their home and overseas markets. The others—Nippon Electric, Mitsubishi and Oki expect to start shipments in the near future.

sRAMs are similar in complexity to the 256K dynamic RAMs which are state of the art in semiconductor memory at the moment.

The contents of an sRAM remain fixed while electrical current is flowing unlike those of the dRAM which require to be constantly refreshed.

Japanese manufacturers have already supplied 256K dRAMs to their customers.

Broadcasting

Annotating device

INTERAND CORPORATION of Chicago, Illinois, have produced a new and improved version of its Telestrator, a gadget enabling broadcasting commentators to annotate a live video image.

Available in this country from Evershed Power-Optics of Chertsey, Surrey, the Telestrator 440 can annotate the picture with lines, arrows, crosses and circles together with colour graphics and animated symbols.

Such systems are used for sports and news applications in the U.S.; the BBC and the independent networks are known to be interested in the new device. It costs around £10,500.

More from Evershed on 09328 61181.

Machine tools

Automatic changer

An automatic toolchanger is now available with the Yuasa Accu CNC vertical milling machine manufactured by Enshu of Japan and available in the UK from Warwick Machine Tools. The changer has a 22 tool capacity and is able to accommodate lengths up to 228 mm and diameters up to 76 mm.

SOUTH COAST PROPERTY I

Rents are holding up well, with development continuing and the investment market strong in many places. Communications, and particularly the proximity of Gatwick Airport and the new motorways, are big influences on location

Long-term prospects look good

BY WILLIAM COCHRANE

LOCATION, the over-riding attribute of good commercial property, has a differing mix of ingredients as one moves from one pocket of activity to another along England's South Coast.

Good communications or the prospect of them, relatively high per capita disposable income, and environmental considerations, all figure in one way or another. Long-term development prospects look good, and seem to be acting as a spur to interest by institutional investors—even in areas where the development process is in its very early stages.

Starting in the east, agents Stiles Horton Ledger, from their Brighton commercial base, reckon to cover the ground from Dover to Bognor Regis. For simplicity's sake, says commercial partner Robert Stiles, one can split that area up between the Brighton/Worthing conurbation and the rest.

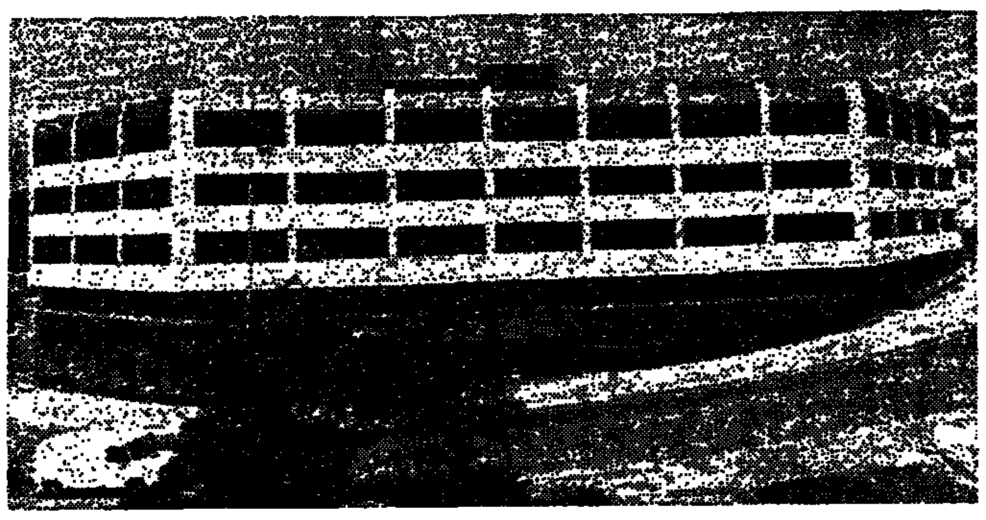
Brighton/Worthing, he says, has a population of close to 400,000 and, as it is close to Gatwick Airport and London's M25 orbital motorway, there is "significant industrial activity." Brighton, he says, is "a bright little jewel" in industrial property terms; here, and in office property, it commands the sort of rents to make further development economic. "Elsewhere," says Mr Stiles, "rents are too low to think about building now".

Bruce Bridgewood, of Fox and Sons' Brighton office, naturally makes comparisons with his firm's Hampshire operations. "By and large in East Sussex, industrial development is not so prolific as in retailing and offices which form the main commercial activities in terms of development and investment.

"With the Downs at the back and the sea in front, we don't have the same amount of space for industrial activity as Southampton." The investment market, he says, is now as strong as ever. "It picked up a lot late last year after interest rates had been coming down for a couple of months."

Mr Stiles concurs: "Property investors generally like this part of the world," he says. "There is still quite a lot of competition for fully-let buildings, even if the institutions, presently, may be reluctant to finance speculative development."

Industrial property on the south coast really comes into its own in south Hampshire, according to a recent report by local agents L. S. Vail. Mr John Vail sees "considerable grounds for o... m... not least because over 25 per cent of the area's manufacturing base is in electronics and electronic engineering."



The newly-built Cobourg House office block in Plymouth. Relocation in the West Country is less important than developments which cater for the holidaymaker, such as shops

Communications are presently the main talking point in terms of location, what with the pending completion of the M27 between points east and west of Southampton and, further ahead, the M3 extension linking Basingstoke, Winchester and Southampton which should be finished in four or five years' time.

Bill McClintock, of Fox's Southampton office, agrees with Vail that things had to get worse before prospects improved. "In industrials," he says, "finding good tenants has been a most tender problem over the past year or so. You didn't let a good tenant disappear out of the door."

Good investments in South Hampshire are still finding a market, according to Mr McClintock, although rates "have slipped a bit." Even in prime shopping, he says, the yields at which investments have been bought has risen from 3½ per cent to 4½ per cent in Southampton, where shopping yields are at their lowest.

In the industrial market yields can go down to 7¼ to 7½ per cent, but Fox has seen a prime do-it-yourself warehouse with an "excellent" covenant going lately on an 8½ per cent basis. The office market is holding up well, with investment yields in the 5¼ to 5½ per cent area, rising to 6¼ per cent just outside the prime definition.

Revised structure plan proposals for South Hampshire recommend a concentration of office development in the centre of Portsmouth and Southampton with more modest growth in Eastleigh, Fareham, Havant and Waterlooville, and provision is made for growth at the rate of 270,000 sq ft per annum.

Vail also placed a lot of importance on leisure facilities, both as an attraction to potential tenants and as potential investments in themselves. "In the Solent area," they say, "there is great scope for the expansion of marina facilities which can provide a lucrative investment when they are combined with other commercial functions."

They add: "Of all the densely populated areas of the British Isles, Hampshire almost certainly offers the widest variety of leisure and tourist attractions. These natural advantages have contributed in large measure to the county's success in attracting new international companies to the area, and the recently-published update of the South Hampshire Structure Plan places increased emphasis on the need to develop recreational facilities."

Of course, there are some places on the South Coast whose proponents say that they need little artificial enhancement.

Drawn into a comparison in locational terms, of the Bournemouth/Poole/Christchurch conurbation, with Swindon on the M4, almost directly to the north, Robin Long of agents Goadsby and Harding talks about the quality of life in Dorset, one of the most beautiful counties in England.

"Abbey Life is a substantial employer of local labour in Bournemouth," he says, "with three major office buildings adding up to perhaps 140,000 or 150,000 sq ft of space. But when they moved here, one of the considerations was that the loss of key staff would be minimal, compared with a move elsewhere."

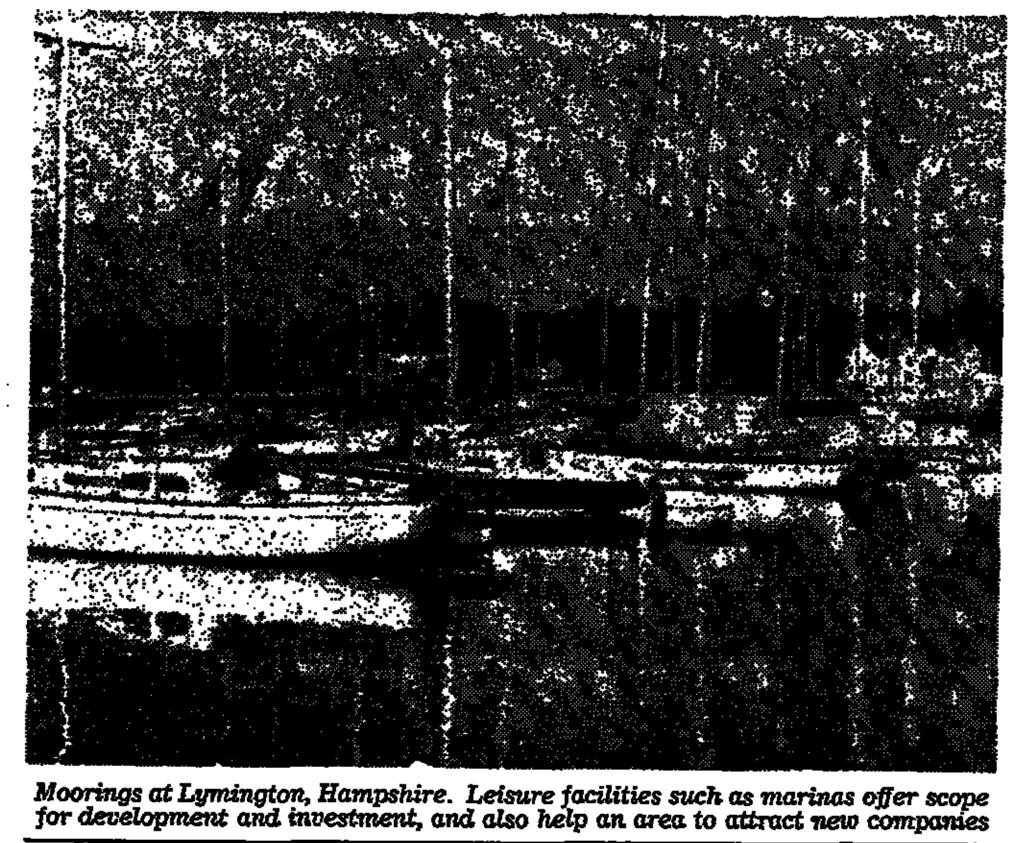
In general, institutions are looking to invest heavily in the area because they believe in it, he says. "Residentially, we have much more to offer than, say, the M4 corridor."

He says the Bournemouth/Poole/Christchurch conurbation's population of about 400,000 goes up to half a million people if outlying areas are included. "That," he says, "adds up to three-quarters of the entire Dorset population."

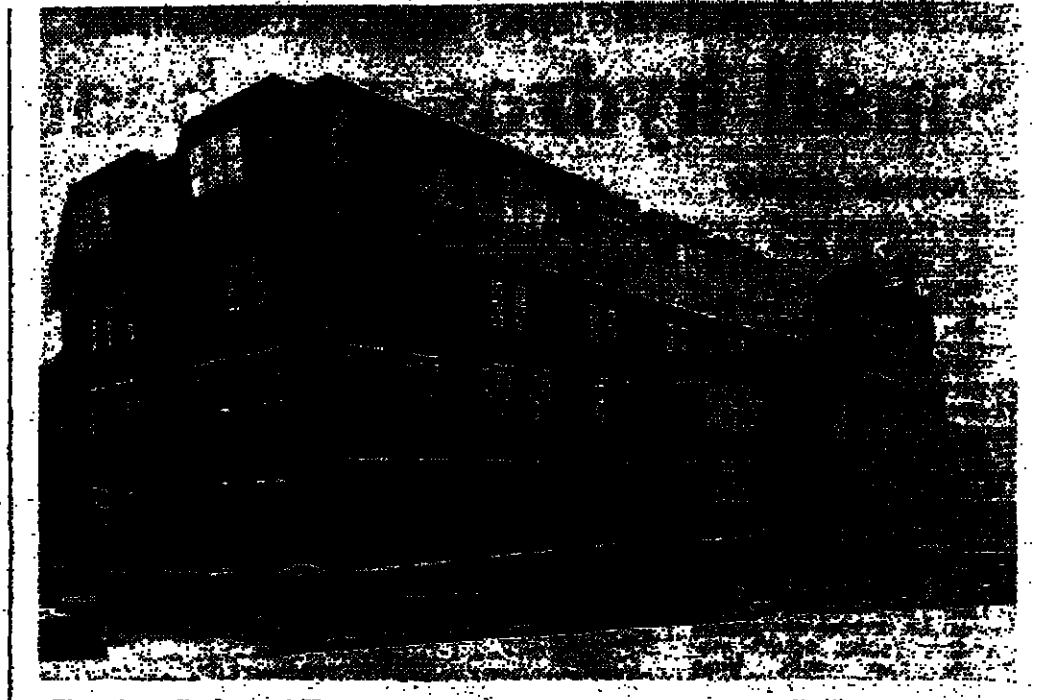
Industrial growth has been significant in the county, with big institutional names like the "Pru," Royal Insurance and Abbey Life investing millions of pounds in the sector. "Fairly hard-core rents for industrials are between £2.50 and £2.75 a square foot," says Mr Long, "and the £3 barrier has now been broken."

"High-tech" users, apparently, are coming in much more than heavy industry. And the area also has the spice of the British Gas oil exploration at the Arne peninsula in the Poole harbour area. "We are beginning to see ancillary oil service operators taking parcels of land for future use," he says.

The further west one moves, the less important become relocation prospects, or indeed regional centres. That being so, the holidaymaker becomes more and more important, and it is no surprise, therefore, that shopping is the most buoyant sector in Devon and Cornwall.



Moorings at Lymington, Hampshire. Leisure facilities such as marinas offer scope for development and investment, and also help an area to attract new companies



The £6.5m Richmond House, on Richmond Hill, Bournemouth. The Bournemouth/Poole/Christchurch conurbation provides employment for a large proportion of the region's population

Retail patterns change in Bournemouth

RETAIL TRADING patterns are going through a change at present in Bournemouth although in what direction is uncertain. The prime pitch traditionally has been Commercial Road with zone A rents of about £60, but there is a belief in some quarters that Old Christchurch Road with its much cheaper rents is beginning to find more favour with retailers.

In Old Christchurch Road, the Dalkeith Arcade has been letting well, and the former Dingle's store is scheduled to be redeveloped. Nearby, the 90,000 sq ft Mainstop store was recently opened.

Nevertheless, Commercial Road is fighting back with Boskalis Keys' £12m refurbishment of the former Beales store, but Grosvenor Estate's 100,000 sq ft retail scheme on the former Bus Station in the Square could further confuse retail patterns in the town.

The industrial property letting market in Bournemouth, like the rest of the country, has been slow, say agents Bernard Thorpe, with rents remaining static at £2 to £3.50 per sq ft. New industrial space is continuing to come on to the market at Rank City Wall's Holton Heath, and a large part of The Carroll Group's plans for Hurn Airport include industrial space.

Bournemouth is poised to launch into the second phase of its transformation into a major office location, but before it does is looking over its shoulder to assess whether the demand is really there.

Trafalgar House Development's 58,300 sq ft office scheme in Richmond Hill is the only big office block available now, and if letting agents Bernard Thorpe, Healey & Baker and Richard Ellis achieve the £6.50 per sq ft asking rent, it will certainly be used as a yardstick for other major office developments in the pipeline.

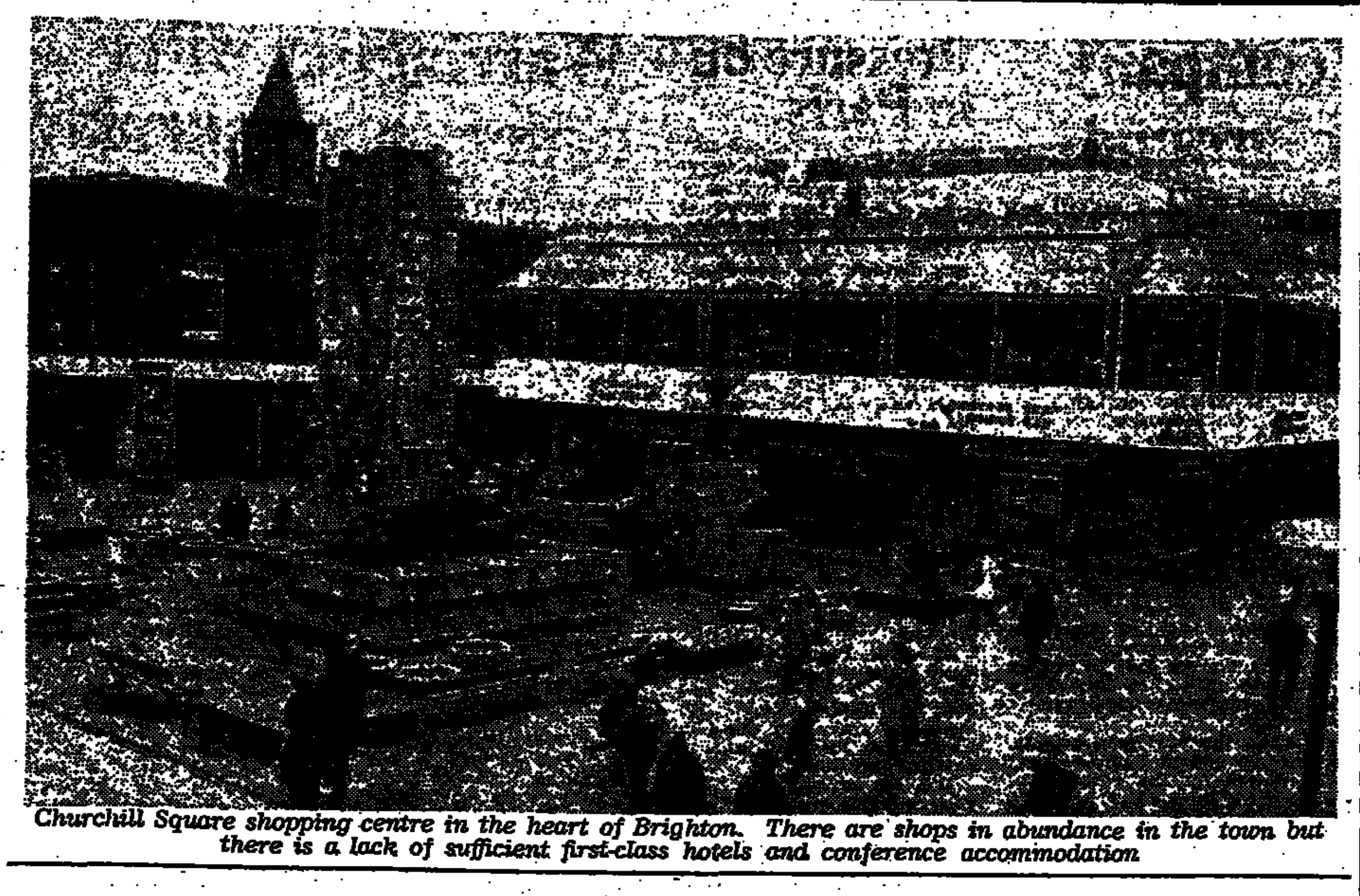
These include Taylor Woodrow's 200,000 sq ft central station redevelopment plans, and proposals for 150,000 sq ft in Holdenhurst Road, and 322,000 sq ft in Oxford Road.

This expansion-minded town also has its green field schemes in the pipeline. At Wessex Fields, Wimpey Property Holdings has sold about a third of its 32-acre office campus site to Loewy Robertson which is to develop an initial 80,000 sq ft of offices, while the Carroll Group has plans for a mixed commercial, residential and leisure development at Hurn Airport.

Richard Aylwin

Holton Heath industrial estate, near Poole, Dorset. Industrial growth in the county has been significant, with millions invested by the big institutions

SOUTH COAST PROPERTY II



Churchill Square shopping centre in the heart of Brighton. There are shops in abundance in the town but there is a lack of sufficient first-class hotels and conference accommodation

Planners resist pressures to allow expansion

Development fear in Brighton

THE East Sussex Structure Plan has been updated several times since its publication in 1975, but at no time has the county council made any U-turns on its policy of restricting development.

There is undoubted pressure on the county with its proximity to Gatwick Airport, and its improving road and rail communications, but both the east and west parts of the county are saying that only the expansion of existing industries will be allowed.

In Hastings various proposals for a shopping centre on the County Cricket Ground have been called in by the Secretary of State for Environment, and a public inquiry is due to start in March.

The schemes vary in size from 230,000 to 390,000 sq ft and have been submitted by Co-operative Insurance in conjunction with Neale House Investments, Heron Corporation, Viking Properties, Town and City Properties and Sam Chippindale.

Phase two of the Arndale Centre in Eastbourne was recently opened and comprises 13 units which are being successfully let through agents Hillier Parker and to tenants including C & A, Mothercare and McDonalds.

Rental levels are about £45 per sq ft zone A and correspond with the prime part of Terminus Road.

Brighton is worried about the possibility of large-scale commercial development. With office rental levels at about the £7 per sq ft mark, development has become a viable prospect and it is therefore not surprising that the planners have recently had about 500,000 sq ft of office applications to consider.

Although the planners are attempting to remain firm, having recently rejected a 77,000 sq ft office scheme by Higgs and Hill close to Brighton Pavilion, their plans for the 64 acres by Brighton Railway Station acknowledge the possibility of allowing up to 660,000 sq ft of offices, 181,000 sq ft of shops and 165,000 sq ft of industrial space.

While Brighton frets at the lack of first-class hotel facilities and further conference accommodation, the arguments for and against out-of-town shopping are about to come to a head. Sainsbury's and Asda are going to appeal in February over rejected superstore applications on sites between Brighton and Worthing.

The Asda scheme depends on the Brighton by-pass being approved, which was hotly argued over at a public inquiry which ended recently.

In the town centre, prime shops in Churchill Square and Western Road can command as much as £75 per sq ft zone A.

In contrast to most of East Sussex, Brighton's road and rail communications are good, and rents of up to £4 per sq ft can be achieved for small industrial units, and £2 to £2.75 per sq ft for larger ones.

Further along the coast in Hampshire, the effect of good communications is even more accentuated, and a considerable number of industrial and high-technology schemes are in the pipeline.

In Portsmouth, the prestige industrial developments are located around the M27 and A3 (M) motorways. Leigh Developments has recently completed a £1.3m bridging of the London-Portsmouth railway line and more than 250,000 square feet of industrial development is under way, while the Wilson Connolly scheme on the 200-acre airport site has at least a ten-year development programme.

At Havant, a 79-acre science park scheme on land owned by Portsmouth City Council is soon to go to appeal having been turned down by Havant Council.

Proposals

Less enthusiastic economic forecasts for South Hampshire have forced the County Council to scale down its development proposals for the period up to the 1990s. Nevertheless, whole districts with new housing, shopping and industrial development are already under way at the Western Wards Growth Area in Fareham, Chandlers-ford and West Totton.

Local agents Hall Pain and Foster, in their annual review of the commercial property market, have noted a continued improvement in the secondary shopping centres which may reflect the uncertainty of schemes proposed in the prime centres, namely Portsmouth, Southampton and Eastleigh—all of which have had their difficulties recently.

Heron Corporation's Western Esplanade proposals in Southampton for 250,000 square feet of shopping suffered a serious setback when the Secretary of State for the Environment refused to confirm a compulsory purchase order for part of the site.

Hall Pain & Foster question whether there will be sufficient purchasing power to support the large, projected increase in floor space, but they do believe that out-of-town shopping facilities will become more prevalent in the coming years.

Within existing shopping centres there has been a greater vacancy rate of shop units in recent times and a reluctance by the multiple traders to pay large premiums to get into centres. In Above Bar, Southampton, zone A rentals have settled at about £75 per sq ft, while in Commercial Road, Portsmouth, zone A rentals have moved forward to between £50 and £55, say Hall Pain & Foster.

In contrast to the north part of Hampshire, the office letting market on the coast has been fairly slow during 1982. In Portsmouth rental levels are from £2.50 to £3.50 per sq ft, which really precludes further office development, and the present ageing stock is letting only with some attractive concessionary terms.

In Southampton the most active sector has been for small office refurbishments in the Portland Street area of the city, with rents of up to £5 per sq ft being achieved.

As in Portsmouth, the major office buildings in Southampton have taken many years to let, and with rents at about £4.50 per sq ft it is little surprise that there have been no major developments in recent times.

Richard Aylwin

Ticking over in the West

THE FAR reaches of the West Country have tended to be ignored in the past by companies seeking to relocate from the more expensive South East, or set up close to large markets. But the local market is substantial enough to have kept demand ticking over for accommodation to house the service and distribution sectors.

The recession has continued to reduce demand for industrial space, however, and few new developments have been started or are planned, according to agents Stratton & Holborow. Cornwall County Council feel a bit differently with their register of large empty factories halved in the past year, while developers Clarke St Modwen have half a dozen schemes in Exeter, Torquay and Plymouth in Devon under way or in the pipeline. Units between 3,000 and 5,000 sq ft at Sowton, Exeter, will be available at £2.25 a sq ft by the summer—some way above the levels attained in the past year.

In Plymouth, the Marsh Mills second phase is almost tied up for the developer, with 27,000 sq ft let to a drug company at £2.30 a sq ft and two 6,000 sq ft units to come. A fund paid £1.1m for the development. Stratton & Holborow reports general rent levels at £2 a sq ft in Plymouth, £1.50 in Newton Abbot and £1.75 in Torquay.

Buoyant

Shops have become the most buoyant sector with prime locations in great demand from both tenants and investors. As in other parts of Britain, some good properties have come on the market as the recession drives retailers out of the best locations.

Torquay is revelling in the extension of the Union Street prime pitch through the 100,000 sq ft Haldon Centre. C & A and International Stores are the anchors and the remaining shops are being let for between £17,500 and £26,000 a year by agents Lalonde. Now developers are bidding for another 150,000 sq ft scheme on a council site in the centre.

In Exeter, zone A rents have remained static for three years at £40 but secondary pitches such as South Street have grown by 25 per cent in 1982 to as much as £20, say Stratton & Holborow. They put Plymouth rents at up to £50 with a substantial supply of central property. Truro has also seen a 25 per cent growth to £25, while St Austell has gone even better with a 40 per cent rise to about £20.

Demand for offices has remained low except for suites of less than 1,000 sq ft in all the main centres. Plymouth rents have levelled at £3.75 a sq ft and the city is suffering from over-supply with M. P. Kent's 35,000 sq ft Coburg House coming on the market at £4.50 a sq ft.

Up to £6 has been achieved in Exeter, reflecting the demand for smaller suites, although average rents are about £4 a sq ft.

David Lawson

Shopping in the Hempstead Valley centre, near Gillingham. Out-of-town shopping is a contentious issue in Kent, where many planners are against the idea

Mixed feelings over new Enterprise Zone

IT HAS been unthinkable until now that South East England could suffer the unemployment and economic malaise that has become so familiar in the Midlands and North. But the present economic crisis has forced the Government to think of ways of bolstering parts of the South East—the North Kent coast, for example.

Just before Christmas, the Chatham / Gillingham area learnt that it was to be included in the latest batch of Enterprise Zones designated by the Government. The North West Kent Enterprise Zone's exact boundaries will not be known until the middle of this year, but the area should include about 300 acres. The boundaries are still the subject of discussion with the Department of Environment and the three district councils concerned: Medway, Gravesham and Gillingham.

Inevitably not everyone is happy with the areas likely to be given Enterprise Zone status. London Life Association and Blue Circle, who developed the Eurolink Estate at Sittingbourne, fear that the 104-acre Gillingham Park will be preferred and, with the financial concessions offered, would draw away existing and future business.

Chatham Dockyard, whose closure has been given much publicity, is not likely to be included in the Enterprise Zone for the time being until the land is released.

The combination of tight planning controls and delays in providing motorways to the Channel ports has meant that Kent, in its unique position between London and the major European cities, is regarded as having "massive potential," but little of this has been realised so far.

The 28-acre Folkestone Industrial Park is only now beginning to benefit from improved access to the M20 motorway. Only six units totalling 24,000 sq ft have been built and Daniel Smith, the sole letting agents, have let one 4,000 sq ft unit at £2.50 per sq ft.

Retail development policy is a contentious issue in the county, and out-of-town shopping is very much frowned upon by many planning authorities. It is to be tested in the High Court this year by developer Federated Land which lost an appeal for a 90,000 sq ft extension to its Hempstead Valley out-of-town shopping centre, near Gillingham.

Linked

Federated Land is taking its action against the Secretary of State for the Environment on the question of whether existing shopping centres such as Gillingham and Rochester would be further adversely affected by the extension.

In Dover, the second phase of developer Park Rutland's Charlton Centre is now complete. It comprises 19 units in a mall linked to a 300-space car park with Sainsbury's as anchor tenant. Worsfelds and Donaldsons are joint letting agents.

However, the 332,500 sq ft shopping scheme proposed by Crudens in Market Square is still without an anchor tenant, and there is doubt whether Dover can justify a scheme of this size at the moment.

Folkestone seems to be very unlucky where retail development is concerned. Safeway pulled out of a 40,000 sq ft supermarket scheme there about a year ago, because it wanted exclusive use of the car park to be built with it, but is believed to be among selected interested parties again being considered by Shepway District Council. Prime Zone A rents in the best part of Folkestone are about £30 sq ft say local agents Daniel Smith.

The mid-1970s office developers in Folkestone are still smarting from their miscalculated optimism, no doubt spurred on by the Channel Tunnel, which still remains a dream.

A recent £10,000 promotion campaign to try to let the 36,000 sq ft Welfare Buildings at 1 The Lees has met with little success by joint letting agents Daniel Smith and Strutt and Parker who are seeking £3.25 per sq ft.

The story is similar with English Property Corporation's seven-storey Bouverie House, which is available at £3.75 per sq ft through Jones Lang Wootton and Daniel Smith.

Generally, the commercial property market in Kent's South Coast towns is less dynamic than the M25 towns to the north and nearer London.

R.A.

THE PROPERTY MARKET BY MICHAEL CASSELL

Tourist boost for rents

THE three-year decline in rents which has hit most shopping streets in the West-End of London could soon be over, if a weak pound entices fresh waves of high-spending tourists back to the capital.

That, at least, is the view from nearby Grosvenor Street, where Hillier Parker May and Rowden have been looking at prospects for trade—and therefore rents—in London's prime retailing pitches.

The West End is said to contain the greatest concentration of shops of any city in the world, though weary bargain hunters in Kowloon may have different ideas about that. But in Oxford Street alone there are over 220 shops, with another 148 in Bond Street and 96 outlets in Regent Street.

Sales in Oxford Street alone during 1982—hardly the best year for retail sales—are thought to have exceeded £2bn and traders reckon that tourists accounted for about 10 per cent of all purchases.

Hillier Parker points out that the most powerful influence on tourist sales in central London appears to be the exchange rate and the boom years for West End retailing were between 1976 and 1978 when the pound was low and prices appeared cheap.

As a result, top Oxford Street rents had reached a peak of £200,000 per unit by 1979, before declining sharply as the shoppers drifted away. Average rents now stand at around £125,000.

While Oxford Street languished, however, retail rents throughout the remainder of the country continue to rise, whittling away the differential between the West End and the provinces. Rents in Glasgow, for example, now stand at around 56 per cent of the level commanded in Oxford Street, compared with only 35 per cent in 1979.

Now the pound looks sick (or still too healthy, depending upon your allegiance to Thatcherite or Shavian economics) and Hillier Parker says that, while it is reasonable to expect a time-lag before shop rents benefit, the signs for 1983 look encouraging.

The agents point out that, despite the recent set-back, retail rents in the centre of the capital did show a steady improvement during 1982. They go on to emphasise that the long-term rental growth achieved in central London is still greater than for any other types of commercial property.

But the short-term scars still show. The number of vacant shops has increased as retailers have given up the unequal fight and moved out. Hillier Parker says that although the vacancy rate has doubled—only in Bond Street has it remained static—it remains at under 4 per cent.

But while the Oxford Street area continues centre stage, the star in the wings must be Brompton Road and, in particular, the stretch between Harrods and Harvey Nichols. Rents now approach the highest in Oxford Street and John Wills at Healey and Baker says the chance of a shop along this stretch has retailers scrambling over themselves for the space.

Wills believes the climate for West End retail property has been steadily improving since last autumn. "Retailers were shrieking at the start of rent review negotiations a few months ago but they now are screaming less, so business is clearly not so bad.

"Tenant interest is definitely improving, though it would be misleading to suggest that they were rushing back in. I expect the market to show continuing, steady improvement over the next few months."

The Silver Jubilee year of 1977 marked the period of highest rental growth for central London shops. Perhaps Prince Andrew would oblige by getting married in 1983.

TOP SHOP RENTS COMPARED WITH OXFORD STREET

	1965 %	1979 %	1982 %
Oxford Street	100.0	100.0	100.0
Regent Street	28.5	62.5	54.2
Bond Street	43.0	37.5	58.3
Brompton Road	36.0	62.5	91.7
Kensington High Street	46.6	37.5	62.5
Kings Road	35.7	20.0	33.3
Cheapside	21.0	9.5	24.2
Victoria Street	25.0	10.0	22.9

Inner-city company gets off the ground

INNER CITY ENTERPRISES, launched this week with the issue of a draft prospectus to 400 potential investing institutions, represents a small but significant intiative in private sector attempts to help combat urban decay.

ICE is the corporate successor to the Financial Institutions Group, created by former Environment Secretary Michael Heseltine in response to inner city civil disturbances in 1981 and disbanded last September.

It is small, in that following the pending ordinary share issue ICE will only have an equity capitalisation of between £1m and £1½m; it is significant in that the prospectus reinforces existing arguments, already accepted by government, that institutional involvement in inner city areas must not be at the expense of traditional investment guidelines.

The institutional working group which produced ICE reckons that it will need its initial equity stake to investigate, select and present for institutional funding projects which its own cash flow projections broadly estimate at £1m, £10m and £15m respectively over the three years to March 1986.

Direct involvement in projects as a principal might follow; so might quotation as a public compan", according to Alan Porter, chief executive of the National Water Council Superannuation Fund, non-executive director of ICE and chairman of the institutional working group.

But for the moment ICE is a property agency, a "catalyst" whose success or failure may indicate, first, the quality of institutional commitment to inner city regeneration and, secondly, whether that commitment is maintained when political fashions change.

ICE is proposing to pay £40,000 to £50,00 a year to a top class investment surveyor as chief executive. Given the quality and connections of the six-man non-executive board — taking in Mr Porter, TUC chairman Frank Chapple, representatives from the Pru, DoE and Barclays Bank, with Peterborough Development Corporation general manager Wyndham Thomas as chairman-elect — it may have more luck in finding someone than has Bassishaw, the Heron/institutional bidder for UDS.

When the ICE men cometh, they may be both chastened and heartened by the remarks of the Pru's joint chief surveyor, Michael Mallinson, at the FT international property conference last week. Talking about inner city projects, he said: "Each project must have a proper chance of being profitable or very profitable — the potential rewards must match the risks."

But he added, "To get the risk/reward ratio satisfactory is not always as difficult as it may seem."

WILLIAM COCHRANE

Pressure on in Paris

SPRINGTIME in Paris should bring a blooming office market, according to Miles D'Arcy Irvine of Jones Lang Wootton.

In a review of the Paris market, D'Arcy Irvine says that, despite the recession, demand for office space has been sustained, or even increased in recent months. Supply has diminished rapidly and pre-lettings, rare since the oil crisis of 1973, are once again becoming the order of the day.

According to JLW, the most congested part of the Paris market appears to be the banking and insurance area, where "a truly chronic lack" of space is emerging. The agents say that owner occupiers are starting to pay prices significantly in excess of investment values for vacant possession property.

JLW puts Paris prime office rents at between FFr 1,250-FFr 1,600 a sq metre and believes that, along with secondary rents and those in La Defense, they will grow to outstrip inflation.

But on investment, Miles D'Arcy Irvine says that while the market peaked before the 1981 presidential elections at around 5.25 per cent yields for prime, rack-rented offices, the same properties are in some cases now seeking and securing purchases at yields of 6.25 per cent-7 per cent. The weakness derives from a number of factors, not least the absence of foreign investors, pressure on institutions to invest in industry and a generally low level of confidence.

Warrington wilts under space surplus

The recession is sorely testing the undoubted marketing skills of the Warrington New Town development corporation, which has been forced to halt all new speculative development in a bid to stem the rise in vacant factory and warehouse space on its estates.

Last year, lettings within the development corporation's boundaries totalled 400,000 sq ft. But despite this success, the amount of vacant factory and warehouse space rose to 600,000 sq ft by the end of last year, compared with 500,000 sq ft of empty space in December 1981. These figures do not include the large amounts of redundant factory space standing idle on non-corporation land.

The state of the local property market will not have been assisted by last week's announcement from Thames Board of the closure of its Warrington factory, with the loss of almost 800 jobs. The factory is not on corporation land but will still add to the growing inventory of vacant industrial space in the area.

The development corporation (which has also been given management responsibilty for nearby Runcorn new town) remains optimistic, however, about its medium term prospects and regards its halt to new speculative building as "good housekeeping policy" more in tune with a market taking a rest than one actually running out of breath.

Mr David Binns, chief executive for the merged Warrington/Runcorn corporation, says that lettings are continuing to run at a healthy level with a record 112 company signings in 1982: creating 1,686 jobs and occupying more than 650,000 sq ft of factory and office space in both towns. This, however compares with lettings of around 1m sq ft three years ago.

Mr Binns says presently the corporation has no speculative building under construction in Warrington, compared with 1m sq ft underway three years ago—although it is now hoping to start a limited number of speculative units in the Spring. These, however, would be mini-units of less than 2,000 sq ft, for which demand had remained very strong.

The corporation is more concerned about demand for medium-sized properties. It says that almost 60 per cent of vacant space on the market at the end of last year was concentrated in the 3,000 sq ft to 20,000 sq ft unit range and threequarters of that involved space of between 3,000 sq ft and 10,000 sq ft.

Rents for properties in the medium-sized range can be around £2 a square foot but initial rental values for this type of space will have fallen during the past 18 months once tenant concessions, such as rent-free periods of up to six months, are taken into consideration.

ANDREW TAYLOR

مكرر من الاصل

IN BRIEF

New York letting for London & Leeds

LONDON & Leeds Corporation, Ladbroke's U.S. property division, has leased 180,000 sq ft of offices in the first phase of its Royal Executive Park development at Rye Brook, Winchester, New York to MCT Communications at a starting rent of $4.14m a year.

The lease is for 15 years with five-yearly rent reviews and five-year renewal options at the end of 15 years and 20 years. Kurt Kilstock, chief executive of London & Leeds in America, believes the rental represents the highest level so far achieved in the area.

● A 1.6 acre site in West Ferry Road on the Isle of Dogs—outside the Enterprise Zone—has been sold for £135,000 an acre by Leighton Goldhill. The agents say the price compares well with a range of £140,000 to £160,000 inside the zone, which looks set to rise to the £200,000 mark.

● During 1982, say Leslie Lintott, available air-conditioned office space in London's West End increased by 66.8 per cent. "Many transactions are being concluded at substantially lower rents and with lengthy rent-free periods," they say. Lintotts, however, expect the pace of transactions to pick up in 1983.

● The Western Corridor maintains its appeal for Mars Money Systems, a subsidiary of the confectionery giant. Following the MMS move to an 18,000 sq ft advance industrial unit on the Wimpey/Legal and General Winnersh Triangle development on the A329 (M) between Reading and Wokingham, moves are afoot for a new 87,000 sq ft headquarters building. MMS has also reserved a further 2.8 acres adjacent to the present 3.8 acre site.

● Bookseller W & G Foyles has sublet one of its buildings, 6,465 sq ft net at 121-125 Charing Cross Road in London's West End through D E & J Levy on a lease expiring in March, 1987 at a rent of £60,000 a year plus a premium for fixtures and fittings.

● Knight Frank & Rutley has expanded into South East Asia by setting up offices in Hong Kong and Singapore. Against the present background in Hong Kong KFR emphasise that the move was both long-planned and long-term.

● Sunley Holdings of America is to buy 80,000 sq ft gross of office and retail space at 45, Milk Street, Boston, Massachussets, in the heart of Boston's financial district, and re-name it Sunley House. Purchase price is believed to be in the $9m-$10m area and Weatherall Green and Smith's New York office represented Sunley.

● Sun Alliance, represented by Edward Erdman, has let a 4,240 sq ft shop unit at 188 Kensington High Street, London, to Snow and Rock Sports at an initial rent of £35,000 per annum.

● Langley Taylor has sold a prime 11,000 sq ft office building in St Andrew Square, Edinburgh, for a private family trust. Offers were invited by private tender in excess of £650,000 and purchasers were development company W. A. Blackburn, advised by Gale Heath & Co.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

JACK STROWGER really only joined the Board of Hornby Hobbies "to keep my finger in the pie and have a bit of fun." After 35 years at Thorn, the electrical group, the last ten as managing director, he thought that one day a month would be a sufficient commitment to his role as non-executive chairman and that there would be plenty of time to catch up on gardening and fishing.

It hasn't worked out like that.

Instead Strowger, 68, is facing one of the most difficult challenges of his business career. It is to turn around a traditional British toy company, famous for its model trains and car-racing systems, which chugged along profitably for years, survived the crash of Dunbee-Combex-Marx, Britain's biggest toys group, in 1980, only to run headlong into a combination of recession and competition from electronic toys last year.

Sales dropped by nearly a half in a matter of months and despite heavy redundancies and severe cost-cutting, the loss for 1982, excluding redundancy payments, will be around £1.8m. Hornby says that despite intense competition from model railway companies, such as Lima of Italy, it has held its share of a smaller market.

In September the consortium behind the management buyout at Hornby, which includes Citicorp and Electra Investment Trust, appointed Jack Strowger chairman and chief executive.

His objective is simply "to save another company and keep Britain working."

Now he spends two or three days a week at the Hornby factory at Margate, Kent.

Scarcely an evening passes, his managers say, without his phoning to check if a schedule has been met—a promise kept. "He is a first class progress chaser," John Quinn, Hornby's finance director, says a little ruefully.

A new management team has gradually been installed. It was completed earlier this month when Keith Ness, 40, marketing and corporate development director, was promoted to managing director.

In recent months Ness has been joined at Hornby by former DCM colleagues such as Roger Mathews, now head of Hornby's UK sales, and Ian Bristow, head of mail order and key accounts. Both gave up secure jobs with profitable companies elsewhere in the toy industry because of the "irresistible challenge" of trying to save Hornby.

At the centre of Hornby's survival plan is a drastic attack on costs and a very rapid diversification into new products. Ness says "an 18 month product development programme has been compressed into 12 weeks."

Jack Strowger (left) and Keith Ness: trying to entice a younger generati on of children

Hugh Routledge

Hornby enlists flower power in its battle with the blip

The renowned UK train maker is pinning its hopes on some surprising new products at tomorrow's Toy Fair in London. Raymond Snoddy reports

Without it the main new Hornby products to be unveiled tomorrow at the Toy Fair at Earls Court would have been the traditional new locomotives and carriages in the livery of British railway companies long since dead together with a new transformer system.

Instead the Hornby stand will be hardly recognisable. It will blossom with flower-arranging kits for children, plastic push train sets for the pre-school child, a range of tiny friction-propelled cars from Sanyei and radio-controlled cars from Asahi, both of Japan.

Some of the new toys have been designed so recently that they will have to be displayed in mock-up cartons.

Hornby's management is awaiting the reaction of the Toy Fair in a state of "nervous excitement." Orders from the Fair can account for between 10 and 15 per cent of the annual turnover, and the general reaction could be even more significant. There have been some trade previews and presentations at the Margate factory and Ness says the initial reaction has been enthusiastic.

The star of the new Hornby range might well be a railway called Pixie—a plastic push train travelling on plastic track which can be added to at the cost of 20p a section. It can be upgraded with a clockwork train costing £1.50 and next year a battery-operated engine will be added.

Apart from generating much needed cash Ness hopes the product will help to show young children the pleasure of playing with trains, wean them off blips on television screens and turn at least some of them into serious modellers.

"If we don't address ourselves to the market for children there will be no train hobbyists in future as the present generation of dads dies out," says Ness.

As well as trains for younger children the idea of plastic flower-arranging kits for children is a Ness idea. "In addition to the hobby division we now have the beginnings of both a craft and a toy division," says Ness.

Hornby has also been given the designs of the LM10 car by BL; it aims to launch the car on Scalextric at the same time as the LM10 is launched on the roads.

Is there a danger that Hornby, by diluting its range, may also dilute both its image and its reputation for solid traditional quality?

Ness says he is completely happy to put the Hornby name on Pixie railways and flower-arranging kits—the same attention to detail and quality would be maintained.

Mike Carter, the proprietor of a specialist toy shop in Bradford and also vice-chairman of the Association of Toy Retailers, is a little more cautious about the plastic flowers. "The trade would be surprised but delighted," was his first reaction. "It might be the most popular toy of 1983—it's difficult to say," he adds.

New products alone do not necessarily equal salvation. As recently as November, Hornby launched a new three dimensional space toy, 3 D-S, which cost £250,000 to develop. The company will only say that the product "has not been as successful as we would have wished" and that further development is likely for 1984.

Increased sophistication is also not necessarily the answer either. Hornby lauched its own microchip product Zero I—a revolutionary system for controlling model railways.

Four trains can be run at once while as many as 12 are held on standby. The initial response was good, Ness says but at a recommended retai price of £57.95 it can only probably hope to occupy a smal niche at the upper end of the market.

The result of three months of intense activity at Margate has already changed morale, according to Ian Bristow. "Three months ago people were walking about slowly with their heads down. Now there's excitement and hope for the future," he says.

Keith Ness says he doesn't know exactly when Hornby will return to profit. It could be in October, he believes.

The management believes that at the very least it has won a brief respite to give the diversification plan a chance. The time has been bought by a very ruthless cutting of costs right across the board. Hornby was helped by a reasonable Christmas. Hamleys, the London toy store, confirmed that trains at least held their own against the electronic invaders.

The financial crisis for Hornby came with great speed. In 1981 the company made a small profit on sales of £18m. "By April we realised that sales were very considerably down," says John Quinn.

Sales for the year eventually turned out to be £11m but already the programme of cuts was under way. "We have halved our entire cost base in nine months from £9m to £4.5m," he says. Half of those job savings were accounted for by job losses. The workforce has been cut from 1,350 to 620; 90 went just before Christmas.

But large savings have also been made on tooling costs. Ness says that by adapting existing tooling a similar number of Hornby rolling stock will be launched this year as last, but tooling costs have been cut from around £1m to around £100,000.

Optimistic talk little more than a year ago about getting back to peak sales of £24m is no longer heard from Hornby management. Their "realistic" aim for 1983 is to break even on a static turnover of around £11m, though the management clearly believes that with a bit of luck it will do better.

The factory is being reduced in scale, and unnecessary space will be disposed of. Contract work is also being sought to keep the machines ticking over, and an electrical product, so far not disclosed, is likely to be manufactured under contract by Hornby in its Margate factory for another company.

Jack Strowger says he can make no promises for the future. But he believes all the necessary internal steps have either been taken or are about to be taken to make the company viable.

The social lives of top U.S. executives

BUSINESS and marriage do not seem to mix for top American women executives.

More than a quarter have never married while a further 20 per cent are either divorced or separated. Only 49 per cent are currently married, 8 per cent of whom were previously divorced.

This is in sharp contrast to the findings of a similar survey of their male colleagues carried out in 1979. This showed that around 95 per cent of top male executives were married at the time.

The findings emerge in a recent study of 300 top women managers by the University College of Los Angeles and Korn/Ferry International, the executive headhunters.

Although their numbers are still small, women executives are becoming increasingly common in big U.S. companies. The sample was drawn from the Fortune 1,000 top companies.

Of the 17 per cent of women executives who are divorced, a majority said that their career had been a factor in the breakdown of the marriage.

The 1979 figures, also compiled by Korn/Ferry, showed that barely 3 per cent of top male managers were divorced at the time. No figures were included of how many married executives had been divorced previously.

The surveys also showed a wide disparity between the number of offspring of men and women managers. Sixty-one per cent of the top female executives did not have any children; the comparable figure for their male colleagues was 3 per cent.

There is a wide difference in the average age of top male and female executives—not unexpectedly, a larger percentage of women than men are under the age of 40.

The average age of the top woman executive is 46, compared with 58 for the top male managers in the 1979 survey. She currently earns an average $92,159—equal to around 44 per cent of her household income where there are two incomes. In 1979 the average male income was $116,000.

Other characteristics are that she has been with her current employer for 13 years and has worked for three different companies during her career.

Her working week averages about 53 hours—roughly the same as her male colleagues. Most of the women said they had additional time-consuming responsibilities at home, in some cases the care of children.

The researchers also asked the top women managers what was the greatest obstacle they had to overcome to achieve success. The most frequent answer was "being a woman," followed by lack of confidence and being able to convince others of their individual ability.

In spite of these difficulties the respondents seemed to have few regrets. Most women seemed to be happy with their position and said they would pursue the same or similar career if they were to start again.

* *Profile of Women Senior Executives, available from Korn/Ferry International, 2-4 King Street, St James's, London SW1Y 6QL. Price £7.*

Arnold Kransdorff

Business courses

International credit management, Brussels. March 2-4. Fee: non-members BFr 41,000; members (AMA/I) BFr 37,000. Details from the Registrar, Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium. Tel: 02 219 03 90.

Recent developments in economics, Brunel. March 9-11. Fee £365. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895 56461.

Intercompany netting systems: an aid to effective international treasury management, Brussels. March 2-4. Fee: non-members BFr 42,000; members (AMA/I) BFr 38,000. Details from the Registrar, Management Centre Europe, avenue des Arts 4, 1040 Brussels, Belgium. Tel: 02 219 03 90.

Trade unions in the 1980s — challenge and response, Henley. March 6-11. Fee: £680 plus VAT. Details from the Registrar, Henley — The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel: 049-166 454.

Using psychological tests effectively: an introduction for managers, Uxbridge. March 17. Fee: £125. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH. Tel: 0895 56461.

THE ARTS

Music

LONDON

English Chamber Orchestra conducted by Norman del Mar with Cecile Ousset, piano. Mozart (Mon). Barbican Hall (638 8891)

Barbara Leigh-Hunt, narrator with Philip Dogham, tenor, Claire van Kampen, piano and the Coull String Quartet in an evocation in words and music of the English countryside. Works by Vaughan Williams, Gurney and Delius. Purcell Room (Mon). (928 3191).

Philharmonia Orchestra conducted by Simon Rattle with Itzhak Perlman, violin. Grainger, Dvorak and Rachmaninov. Royal Festival Hall (Tue). (928 3191)

London Sinfonietta conducted by Gunther Schuller. First British performances of Nick Thorne's From The Dying Earth and Schuller's Octet. Queen Elizabeth Hall (Tue). (928 3191)

Royal Philharmonic Orchestra conducted by Antal Dorati with Claire Bloom and Christopher Gable, speakers. Barber, Walton and Stravinsky. Barbican Hall (Tue).

London Mozart Players conducted by Harry Blech with Mitsuko Uchida, piano. Haydn, Mozart and Schumann. Royal Festival Hall (Wed).

Alfred Brendel, piano: Beethoven Sonata cycle. Queen Elizabeth Hall (Wed). All seats sold.

Netherlands Chamber Orchestra conducted by Antoni Ros-Marba with Jean-Pierre Rampal, flute. Elgar, Mozart and Devienne. Royal Festival Hall (Thur).

Ronnie Scott's, Frith Street: Alto-saxophonist Lou Donaldson and his quartet.

Arts Week

F	S	Su	M	Tu	W	Th
28	29	30	31	1	2	3

BRUSSELS

Palais des Beaux Arts: Guarneri Quartet with Peter Serkin, piano and Hatto Beyerle, violin. Brahms (Mon).

VIENNA

Musikverein (658 190): Alfred Brendel, piano. Beethoven sonatas (Mon). Academy of St Martin-in-the-Fields. Handel, Mozart, Bartok, Arensky, Ricciotti (Wed).

Konzerthaus (721 211): London Early Music Group. John Dowland and Monteverdi and their contempories (Wed), Marjana Lipovsek, alto, Erik Werba, piano. Lieder recital (Thur).

WEST GERMANY

Munich Kongressaal des Deutschen Museums. Violin recital with Itzhak Perlman, accompanied by Bruno Canino. (Thur)

PARIS

Lucerne Festival Strings: Corelli, Purcell, C.P.E. Bach, Haydn, Shostakovich (Mon) TMP-Chatelet (261 1983)

David Lively: Mendelssohn, Brahms, Ravel (Mon) Salle Gaveau (563 2030)

Martina Arroyo recital: Händel, Scarlatti, Schubert, Negro Spirituals (Mon) Théâtre de l'Athenée (742 6727)

Orchestre de Paris – Chamber Music Cycle conducted by Daniel Barenboim with the Orchestre de Paris soloists and choir conducted by Arthur Oldham: Brahms, Kodaly (Mon) Salle Pleyel (563 8873)

Concerts Lamoureux soloists and 20th century music conducted by Michel Cals: Rivier, Jolas, Bleuse, Honegger (Thur) Salle Chopin-Pleyel (563 8873)

NEW YORK

Carnegie Hall: Elmar Oliveira, violin recital. Pergolesi, Bloch, Brahms, Beethoven, Paganini, Sarasate (Mon). (247 7459)

Avery Fisher Hall: New York Philharmonic, Zubin Mehta conducting, Yehudi Menuhin violin. Mozart, Schoenberg, Elgar (Tue). (874 2424).

WASHINGTON

Concert Hall (Kennedy Center): National Symphony Orchestra, Mstislav Rostropovich conducting, Bella Davidovich piano. Burton, Vaughan Williams, Tchaikovsky. (254 3776)

CHICAGO

Orchestra Hall (220 S. Michigan): Chicago Symphony, Claudio Abbado conducting, Hildegard Behrens soprano. Wagner, Schoenberg, Tchaikovsky (Thur). (435 8122)

Opera and Ballet

PARIS

La Boheme conducted by Alain Lombard, produced by Gian-Carlo Menotti with Leona Mitchell and Helene Garetti alternating as Mimi with Faye Robinson in the role of Musetta. Paris Opera (7425750)

LONDON

Royal Opera, Covent Garden: Samson et Dalila, in the handsome Sydney Nolan sets, finds both Jon Vickers and Shirley Verrett uneven singers but powerfully compelling artists. In Der Rosenkavalier the mature duo of Gwyneth Jones and Yvonne Minton is joined by Yvonne Kenny's first Covent Garden Sophie. Andrew Davis makes his London opera-conducting debut.

English National Opera, Coliseum: Russian opera dominates the week—further performances of the new production of Queen of Spades and a revival (with Aage Haugland taking over the title role) of Boris Godunov in Mussorgsky's original form. Also, last appearance this season of the highly impressive Otello and a further showing of the rather wan Gounod Romeo and Juliet.

New Sadler's Wells Opera, Rosebery Avenue: The operetta company just formed continues with performance of Lehar's The Count of Luxembourg and The Mikado.

Royal Opera House, Covent Garden: The Royal Ballet in Sleeping Beauty and a triple bill of Ashton ballets.

ITALY

Rome, Opera House (06-463641): Sleeping Beauty with decor by Beni Montresor.

BRUSSELS

Théâtre Royale de la Monnaie: Charpentier's Louise conducted by Sylvian Campreling with Felicity Lott and Jerome Pruett.

Théâtre Royale des Galeries: National Polish Folklore Ballet.

VIENNA

Raimundtheater (576 626): Die Gräfin Mariza · Daily except Mon.

Staatsoper (5324/2655): La Traviata, La Cenerentola, Le Nozze di Figaro. Premiere of a new production of Falstaff on Wednesday with Lorin Maazel conducting, production and sets by Filippo Sanjust, Walter Berry as Falstaff, Christa Ludwig as Mistress Quickly and Alice and Nannetta sung respectively by Pilar Lorengar and Patricia Wise.

Volksoper (5324/2657): Der Vogelhändler, Kiss Me Kate, Der Kuhreigen, Der Fremdenführer, Die Feenkönigin.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): La Bohème conducted by James Levine and staged by Franco Zeffirelli also Les Contes d'Hoffmann, and Boris Godunov (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The mixed repertory includes works by Jerome Robbins, Peter Martins and company head George Balanchine. (870 5570)

Don Quixote (Uris): Rudolf Nureyev who staged and choreographed this full length Boston Ballet production, will dance the role of Basilio opposite three ballerinas sharing the role of Kitri: Eva Evdokimova, Laura Young and Marie-Christine Mouis. Nicholas Georgiadis designed the scenery and costumes in the style of the cartoons and paintings of Goya. Patrick Flynn conducts the Symphony Orchestra in John Lanchbery's arrangement of the Minkus score. The final matinee scheduled for February 6th will be the production's 100th performance since its 1982 premiere. (586 6510)

Cologne in London

Cologne Opera, which last appeared at Sadler's Wells Theatre, Rosebery Avenue, in 1969 returns for three performances this week of Cimarosa's Il matrimonio segreto, which the company gave at the 1980 Edinburgh Festival to great acclaim. The visit is being supported by the Prudential Assurance Company. The cast includes Georgine Resick, Barbara Daniels, Marta Szirmay and Carlos Feller. The London Classical Players will be using original instruments. Sadler's Wells (278 8916). Wednesday, Friday, Feb 4 and Saturday, Feb 5.

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): Andrew Porter's new translation of The Abduction from the Seraglio and an evening of Trial by Jury, with the D'Oyly Carte's John Reed as the judge, and M. Choufleuri. (254 3670)

WEST GERMANY

Berlin, Deutsche Oper: Hans Neuenfels, producer of Die Macht des Schicksals, caused a scandal by sending acolytes onto the stage in tanks. However, singers Julia Varady and Giorgio Merighi were well received. Further performances are Madame Butterfly and The Magic Flute with Sylvia Greenberg as Queen of the Night. (34 381)

Hamburg Staatsoper: Johann Christian Bach's Amadis – which the Germans rediscovered after 200 years – is produced by Marco Arturo Marelli, conducted by Helmut Rilling and features Helen Donath and Doris Soffel and Eberhard Büchner. Lohengrin brings together Siegfried Jerusalem in the title role and Eva Randova. Otello has Franco Bonisolli, Piero Cappuccilli and Eva Marton in main parts. The Magic Flute rounds off the programme. (35 1151)

Frankfurt Oper: Carmen, conducted by the talented young American conductor Judith Somogi has Gail Gilmore making her debut in the title role. La Traviata has Eugenia Moldeveanu excelling in the title role. Bernd Alois Zimmermann's rarely-played Die Soldaten gained much applause for Walter Raffeiner as Stolzius. Also this week The Magic Flute finely interpreted by Elfie Hobarth and Manfred Schenk. Dunja Vejzovic triumphs in the title role of Gluck's Alkestis. Janacek's Die Sache Makropulos has Anja Silja as Emilia Marty. (25 621)

Munich, Bayerische Staatsoper: The week starts with The Magic Flute followed by Wozzek produced by Dieter Dorn, with Bodo Brinkmann in the title role and Gisela Schroeter as Marie. Die Hochzeit des Figaro has Hermann Prey and Lucia Popp. Die Fledermaus is a fresh and delightful revival with Bernd Weikl and Daphne Evangelatos. Hänsel und Gretel rounds off the programme.

Exhibitions

PARIS

From Carthage to Kairouan, 2,000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais, Closed Mon. Ends Feb 27.

Fantin-Latour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue, ends Feb 7. (260 3926)

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Münster, Westfälisches Landesmuseum, Domplatz 10: For the first time a museum is staging a joint show of the more than 140 paintings which Paul Klee, August Macke and Louis Moilliet brought back from a trip to North Africa in 1914. Ends February 13.

Berlin, Staatliche Kunsthalle, 44–46 Budapesterstrasse: 1933 – The Paths to Dictatorship has 150 paintings, graphics, posters and cartoons by artists banned during the Third Reich. The show includes some of the artists' later work. Ends Feb 2.

Frankfurt, Kunstverein, 44 Markt: Drawings and paintings depicting human beings from between 1960 and 1970 by Pier Pasolini, the Italian movie director. Ends Feb 27.

LONDON

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Accademia di Francia: 'Mediterranean Picasso,' a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

NEW YORK

Metropolitan Museums of Art: Architectural drawings, furniture, photographs and even ceramics comprise the hundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (535 7100)

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Klinn, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

BRUSSELS

Société Générale de Banques: Pierres et Rue 1780–1980. The success of this exhibition has prompted a longer run. Ends Feb 18.

Musées Royaux d'Art et Histoires: Collection of Delft porcelain. Ends Feb 21.

VIENNA

Künstlerhaus: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends Feb 25.

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

American Graffiti, Berenstraat, Amsterdam: New York 1983 In Amsterdam. The best and the worst of the latest American painting including flag paintings by Ronnie Cutrone and works by the leading graffiti artist, Keith Howding – Last week.

The McGann Brothers in Yakety Yak at the Astoria Theatre, London

Theatre

LONDON

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Noises Off (Savoy): Michael Frayn's backstage comedy is still the funniest play in London, owing small debts to Rattigan's Harlequinade and Pirandello's Six Characters. Brilliantly directed by Michael Blakemore. (836 8888)

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

VIENNA

Vienna's English Theatre (421 260): Arsenic And Old Lace (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon)

NEW YORK

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Present Laughter (Circle in the Square): George C. Scott proves that with the right wardrobe of dressing gowns, he can capture the essence of impresario Garry Essendine, including directing an excellent supporting cast. (581 0720)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

WASHINGTON

Toyer (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court (254 3670)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Kreeger): The Arena Stage does its own production of the Molière masterpiece. (488 3300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Shear Madness (Mayfair at the Blackstone Hotel): Bruce Jordan and Marilyn Abrams recreating the roles they originated in the hit run of this comedy mystery in Boston and Philadelphia. (266 0252)

Cinema/Nigel Andrews

From barracks to barricades

An Officer and a Gentleman, directed by Taylor Hackford
Privates on Parade, directed by Michael Blakemore.
The Writing on the Wall, directed by Armand Gatti

Sometimes art seems like an assault course of the ever surprising: at others like an endless replay loop of the ever familiar. Two days after seeing a poster for *From Here To Eternity* on the wall of Sparafucile's riverside egg-and-chip establishment in the televised *Rigoletto*—courtesy of Dr J. Culture-Shock Miller — what should unspool on the large screen but a 1980s re-envisioning or *From H To E*? Since the said new opus, *An Officer And A Gentleman*, also has strong elements of *Rigoletto*—the *donne* being demonstrably *mobili* and the plot showing omnivorous authority deflowering gilded youth—the jamboree of aesthetic coincidences and confusions is rare and rich.

On the shores of Puget Sound, Washington State, handsome high-boned Zack Mayo (Richard Gere) steps onto the fearful treadmill of a Naval Aviation officers' training programme. Seeking to expunge the memory of his suicided mother and the wastrel father who deserted her (Chief Petty Officer Robert Loggia, glimpsed in lemon flashbacks in the Philippines), he covets the gold braid and lettuce-crisp white uniform of a jet flyer. "Through these gates pass the future of Naval Aviation" says the sign at the front door, ungrammatically but forcefully.

But hold! Golden ideals soon run foul of black Drill Instructor Louis Gossett Jnr. "Are you a steer or a queer, boy?" screams L.G., at almost anyone whom he can interest in a conversation. And as Hollywood drill sergeants go, he is par for the assault-course: urging his boys through 15-mile hikes with many obscenities and insisting during rainy-day press-ups that the face is firmly implanted in the mud.

Meanwhile — and can there, we ask, be some human relief in this human processing factory? — two beauteous local girls (Debra Winger and Lisa Blount) bump gracefully into Gere and his best friend (David Keith) at a dance and romance soon blossoms. But are the fillies genuine in their attentions, or merely out to hook a handsomely-filled uniform and a lifelong season ticket to exotic foreign places? Will they salvage or finally disenchant our hero's blizzarded humanity?

If movie romance had its equivalent to a laugh-track, this film ought to be accompanied by the audience's "Ooohs" and "Aaahs" and "Phewws!" Sharp intakes of breath would score the gruelling drill scenes: from all-day square-bashings to the aeroplane-submersion survival exercises which nearly drown one cadet. (But Gossett—we always suspected there was a heart of gold beneath the mahogany-and-walnut exterior—gives him the kiss of life.) And glutinous "Aaahs" would accompany Mr Gere's crescent perception that Miss Winger is a good gal after all and loves him, as well as his climatic uniformed eruption into her paper mill to sweep her off her feet (literally) and carry her into the future (symbolised by a doorway awash with light). The film is tosh, but oddly compulsive tosh. Hence, no doubt, its number two position, pipped only by *E.T.* in last year's American list of top box-office champions.

*

Peter Nichol's play *Privates On Parade* has attempted the bold leap from stage to screen and broken both its legs in the ensuing tumble. Casualty limb number one is the play's stalwart comic counterpoint between *outré* campery and stiff-upper-lip British militarism. (We are in Singapore, post-WW2, with an army theatrical troupe led by madly gay Dennis Quilley at odds with pop-eyed martinet Major John Cleese.) Mirth is undone by a mise-en-scene uncertain whether to play for hothouse artificiality or *al fresco* realism. The lushly-decor'd stage-shows suggest the former, while the exteriors in the well-known rain-forests of Southern England, where large numbers of potted palms seem to have fallen off the back of a lorry, suggest a disastrous attempt at the latter.

Leg number two to be broken is Nichol's intended kick of dramatic *verismo* near the end; when a real guerrilla attack erupts during a show, causing blood to flow over the grease-paint. But by this point the film has already drifted so far from any certainty of mood or style that there's none left to be disrupted.

A brace of performances may be salvaged. Cleese, a permanently affronted beanpole defending God and the British Empire, turns every scene he struts through into a vivid comic artillery-exercise. And Denis Quilley, louche, long-eyelashed and suavely mascara'd, hangs epicene garments over every available last outpost of Empire: whether chatting to the natives ("Loved the blow-pipe. Very you. Who does your hair?") or sternly rebuking *lèse-majesté* among the lower ranks: "You dare speak to an officer like that and I'll scream the place down." But whenever both men are off the screen — which is more often than we'd like — the temperature drops and it ain't half lukewarm, mum.

*

The Writing on the Wall is a treasure-trail parable about Northern Ireland. French writer-director Armand Gatti scatters clues and emblems in language and imagery through the tale of a Londonderry "Youth and Community Workshop" who try to reconstruct the death of a murdered British soldier. Using improvisation and non-professional players, the film was shot in Ireland with the collaboration of members and teachers of a real workshop.

Directorially, Gatti seems as often to be following his nose as leading with it; the minuscule budget speaks in the film's muddy changeable colours; and many of the actors—especially the British—behave like cardboard cut-outs wheeled in on ill-oiled castors. (But perhaps that is a political comment.) Nonetheless, this is one of the few films about the "Irish troubles" which sets out to do some serious digging for roots: into Irish myth and history, language and culture; into what has been lost in Ireland as much as into the vexed means to regain it.

*

Hollywood director George Cukor died this week, aged 83. The puckish and silvery veteran —whose more than 50 films included *Camille, The Philadelphia Story, Born Yesterday, A Star Is Born* and a bit of *Gone With The Wind* (he left in an early draught of discontent) — was probably exhausted by hearing himself described as a "woman's director." Though he coaxed prattling, metallic greatness from Katharine Hepburn, swooning divinity from Garbo, spitfire Southernness from Vivien Leigh and 57 varieties of fair-sex magnetism from such as Garland, Gardner, Monroe, Loren and Hepburn A., Cukor did also direct men. (And good ones: Cary Grant, James Stewart, James Mason.) And he was magnificent, whatever the sex, whether fine talk flew amid superfine settings. He won his only Oscar for the overblown movie of *My Fair Lady* and his last feature was the endearingly atrocious *Rich and Famous*. But by the time these two films appeared, Cukor already had two feet firmly planted in the sidewalks of Hollywood immortality.

Denis Quilley in "Privates on Parade" and Richard Gere with Debra Winger in "An Officer and a Gentleman"

New London Chamber Choir/St. John's, Smith Square

David Murray

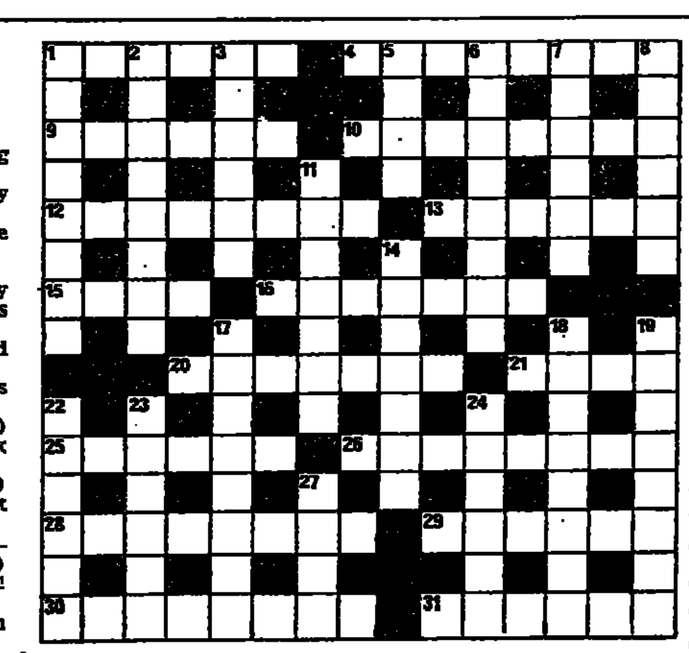
Formed only two years ago, James Wood's young choir boasts remarkable expertise. Their programme on Wednesday night—all of it unaccompanied—took them from majestic Tallis in the first half to recent, technically venturesome pieces in the second; even allowing for the bloom that the St John's acoustic lends to voices, their freshness and unanimity held up admirably.

The Tallis *Lamentations of Jeremiah* sounded unusually bright with these youthful voices, but clarity and severe precision of line made their effect. In the same composer's *Gaude gloriosa Dei mater*, a sumptuous six-voice antiphon, the choral excitement betrayed a distinctly modern tone—there was a pressing rhythmic urgency in the overlapping entries which doesn't really belong to the music. The sonorous grandeur of the piece had something less than its full weight. Still, the keen, confident attack brought its own rewards.

The home ground of the choir is contemporary music (Wood is a composer as well as a conductor and a notably musical percussionist), and in Dave Nicholls' *Voices I*—sub-titled "Stars and Distances" — they collaborated with the elaborate electronics quite naturally. The piece itself, almost 20 minutes long, is an astronomical-mystical essay which owes almost everything to the likes of Stockhausen and David Bedford: luscious, inhumanly sustained chords are varied with the odd descant, while high-minded texts are chanted continuously not quite out of earshot. It is pleasant enough; the mind wanders freely with the reassurance that things won't have got much further when it comes back.

Wood's own Three Choristers to Cummings was just what it promised to be, an ambitious set of choral studies (without electronic aids) that test concerted vocal technique hard. As a set, they surprised one by recalling Ravel's *Trois Chansons*, even to the melting female solo in the second song, taken sweetly by Sara Stowe; but their structural intentions are much less secure, partly because so many devices are being tried out. In detail, they reveal any number of promising ideas in search of an adequate container, and the choir took their hurdles with winning verve.

F.T. CROSSWORD PUZZLE NO. 5,083



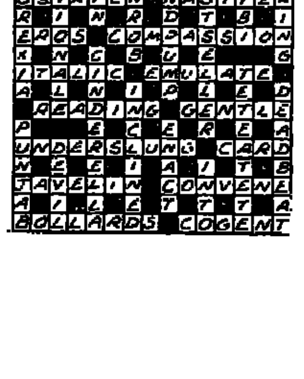
ACROSS

1 Attest to a very absorbing Kipling poem (6)
4 Reaction feared by a galley slave? (8)
9 It's regular trade practice (6)
10 Taken ill (8)
12 Many were carried away by them and lost their heads (8)
13 Where one is likely to find a rink-manager? (6)
15 Involved in a row, Rosa is upset (4)
16 Put into liquidation? (7)
20 It may lead to a quick duck for any batsman (7)
21 How odd a call to stop (4)
25 Awkward truths forcibly put forward (6)
26 If you want to use the weighing machine, hurry! (4, 2, 2)
28 Applaud a catch? Nonsense! (8)
29 Decline with little hesitation (6)
30 Note days off and stop (6, 2)
31 Officer found on the staff? (6)

DOWN

1 Calling for employment (8)
2 Evergreen female duo (8)
3 Knocks down several storeys? (6)
5 Experts break the case (4)
6 Tie up and deny food (4, 4)
7 Worker on edge in Ireland (6)
8 Acted evasively, being naturally guarded (6)
11 Fair weather saint? (7)
14 A reminder men hold me to (7)
17 Stays around (8)
18 Press men in China (8)
19 What the lost horse-shoe was made of? (4-4)
22 Foot-holds in the financial world (6)
23 Fancy becoming a tenor maybe (6)
24 Love to point out there's a choice (6)
27 Card-game depending on luck for a change (4)

Solution to Puzzle No. 5,082



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday January 28 1983

New rhetoric, old Reagan

PRESIDENT REAGAN'S State of the U nion message to Congress this year was, as ever, a model of homely virtue in presentation, optimistic within the limits of a bad situation, appealing to all the qualities which Americans like to believe they possess, and as conciliatory in tone as the political situation demands. It also contained two rhetorical concessions which have been greeted in some quarters as a fundamental shift—an acknowledgment that the U.S. budget can only be balanced through some painful decisions rather than through supply-side magic; and an admission that recovery cannot simply be left to market forces. Unfortunately there is less in this change than meets the eye. This was still Reaganomics.

This means that the President is still seeking to revive the economy through reducing the burden of public spending, and by talking the private sector into a higher state of confidence. Operationally, his hopes are pinned on the slowest growth of spending which a hostile Congress can be persuaded to enact.

Meanwhile, by proclaiming a strategy to reduce the deficit in the medium term, and drawing attention to the yawning gap between inflation rates and interest rates, he has attempted again to get a vote of confidence from the financial markets. This was initially withheld. The markets were hoping for something more.

Respectable

The new medium-term fiscal strategy — it is uncanny how closely Administration thinking seems to stick to the path pioneered by Mrs Thatcher — does at least dress long-proclaimed objectives in economically respectable clothes. It makes some sense to hold major tax increases in reserve until they can be used, if necessary, to ensure that a cyclical recovery does cut the deficit. Unfortunately, the details do not fit in to this frame, nor is the political picture convincing.

Thus, despite the overall freeze, there are new non-military spending proposals, admirable in themselves, to foster training, youth employment and education. The economic revival is supposed to be led by higher consumer spending, but the President congratulates himself on a rise in saving, and there are new proposals to encourage it. Above all, of course, the balance of the spending proposals—rising defence spending funded by cutting social programmes or off-loading them on to the (overwhelmingly Democratic) State authorities, guarantees a mauling in Congress.

Bi-partisan

None of this means that the deficit will not be cut. It is universally recognised as a problem, and the President is probably right in hoping that the bi-partisan approach which led to the compromise on social security will produce another on Federal spending. However, he has not offered any concession of substance to this bi-partisan progress: quoting President Roosevelt and Bernard Barush, and speaking warmly of the Camp David accords, is no substitute.

A minority President cannot altogether be blamed for failing to point a clear legislative path forward; but he could address the continued confusion over the administrative tactics of economic policy. Mr Donald Regan, the Treasury Secretary, makes frequent but apparently contradictory statements, calling for lower interest rates along with monetary restraint, describing policy as stimulative without proposing any actual change, making and apparently withdrawing proposals for international reform. Even Mr Paul Volcker, of the Federal Reserve, seems more enigmatic from one statement to the next. This spectacle can only be bad for confidence.

The best hope lies in the dawning recovery of the economy itself, though from a much lower than forecast base, and in the President's one quite unequivocal commitment — to stand by free trade. The U.S. has had an unpleasant shock, but not so long or so severe as the UK: business sentiment could prove much more resilient than here, despite the alarming trade deficit immediately ahead. It will me ironic if the private sector does lead recovery unaided just as the President has stopped predicting that it will.

The management of pension funds

THE EXTENT to which any given increase in demand is reflected in output as opposed to higher prices depends crucially on the workings of the real economy. Yet the present Conservative Government has been relatively slow to promote policies for the real economy that go much beyond blunt advocacy of the removal of constraints on the market.

That is not to say that the Government's respect for market discipline is misplaced. But neither politicians, economists, nor indeed businessmen wholly understand the operations of the market sector of a modern advanced economy. It is not always obvious, for example, why private industry has been slow to adapt to new technology and market opportunities. Hence the interest of a lecture given at Lancaster University yesterday by Sir Arthur Knight, former chairman of Courtaulds, on the least tangible of the factors that are thought to have contributed to Britain's economic decline—poor management—and how management performance might be improved.

Anti-industrial

Sir Arthur's diagnosis, which places emphasis on Britain's anti-industrial culture, distaste for co-operative solutions and poor use of scarce talent, is not new. Nor, at first sight, does his suggestion that representatives of the investment institutions should go into a huddle with selected industrialists, academics and others to draw a private sector industrial strategy look particularly radical.

But it does contain an implied criticism of the way investing institutions such as insurance companies and pension funds exercise the responsibilities of ownership. That criticism deserves serious consideration.

The institutions are now under pressure to use their voting strength to ginger up industrial management. And certainly there is plenty of scope, in theory, for them to intervene in the affairs of individual companies given that they hold more than half the oustanding equity in the quoted sector of industry and commerce.

In practice, fund managers know little about industrial management. Yet they feel obliged to act, partly because they fear that a failure to do so might lead to unwelcome government interest in their affairs.

Some institutions have intervened effectively on such matters as executive perks and service contracts; there is plenty of room for improvement in the way companies reward their executives. But on the central issue of replacing bad management with good, the institutions have often been slow to do the job.

The long decline at building materials group Turner & Newall, for example, led to institutional intervention only when the company was on its knees. Rank Organisation, whose diversification away from its Xerox business has been a tale of seemingly endless disappointments, looks like another example of too little institutional interest.

Not all of what the institutions do is visible to the outside observer. And in fairness, too much has been expected of them: there are limits to what external pressures on management can do. But in the light of recent history Sir Arthur Knight's suggestion that the institutions should step back and think a while makes sense.

Profit and loss

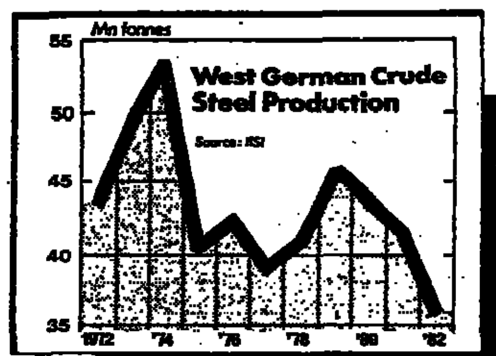
Part of the answer lies in the hands of industrialists themselves. Too often they have failed to pay sufficient attention to the quality of pension fund management—despite the fact that poor management of pension fund assets and liabilities can impose a significant cost on the profit and loss account. And there is still too little interchange between investing institutions and industry.

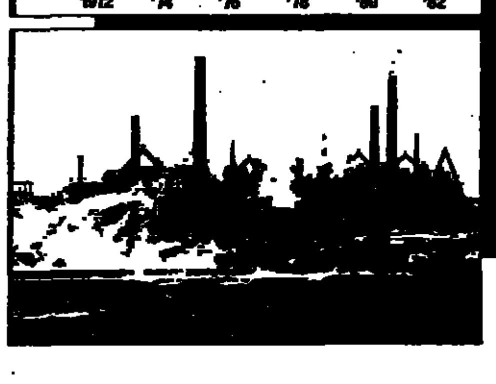
The institutions still have to adjust to a fundamental change in their role in the UK financial system. They can no longer regard themselves purely as portfolio managers. They are proprietors and have to develop access to the expertise which that responsibility requires.

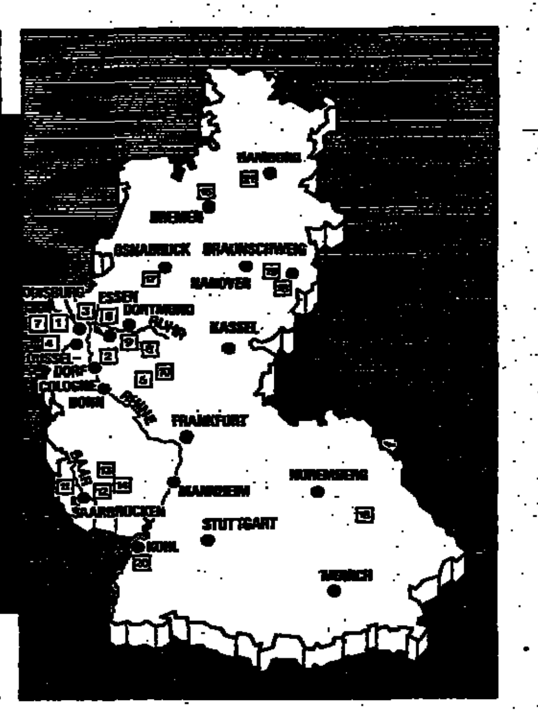
WEST GERMAN STEEL RE-ORGANISATION

The coming of the wise men

By James Buchan in Bonn







Brana Radovic

Steel producers

with % shares of 1982 W. German crude steel output

THYSSEN (29%)
(1) Duisburg
(2) Hattingen
(3) Oberhausen
(4) Krefeld-Witten
KRUPP (11%)
(5) Suedwestfalen
(6) Bochum
(7) Rheinhausen
(8) Hohenlimburg
HOESCH (11%)
(9) Dortmund
(10) Siegen/Hohenlimburg
ARBED SAARSTAHL (7%)
(11) Voelklingen
(12) Burbach
(13) Neunkirchen
(14) Homburg
KLOECKNER (12%)
(15) Bremen
(16) Maxhuette
(17) Georgsmarienhuette
SALZGITTER (11%)
(18) Salzgitter
(19) Peine
KORF (3%)
(20) Badische Stahlwerke
(21) Hamburger Stahlwerke
OTHERS (16%)

BLESSED ARE they who give up their weekends to rescue a dying industry. Since the end of November, three West German businessmen—a banker, an insurance salesman and a professional supervisory board officer—have been working feverishly to devise a plan that might save West German steel from bleeding to death.

"We won't storm the kingdom of heaven with this," said Herr Guenter Vogelsang, the supervisory board man, brandishing the 47-page report in the Industry Club in Duesseldorf on Tuesday. "But it should get us out of the red."

The need is urgent; so urgent that the Bonn cabinet changed its agenda to discuss the report on Wednesday. Since the three "wise men" or "moderators" began their round of conversations and visits, the industry in the Saarland, now known as Arbed Saarstahl, has had to be rescued from imminent insolvency by yet another dose of federal and regional government aid.

At the beginning of the year, the two steel producing companies of Herr Willy Korf's empire, Badische Stahlwerke (BSW) and Hamburger Stahlwerke (HSW), petitioned for court protection from their creditors, forced by the general collapse of Herr Korf's domestic operations.

The moderators' dramatic proposal that two giant groups be created will be discussed by the companies concerned over the next weeks, and between the Bonn government and the Commission in Brussels. However, while the companies seek agreement, West Germany is now in the throes of an election campaign and this will hamper concrete political decisions.

Throughout the 1970s, the West German steel industry was the strongest in Europe. It was investing heavily in continuous casting and other equipment to cut production costs, it was putting more emphasis on special steels and high value products and it was closing old, inefficient open-hearth furnaces and shedding surplus labour relatively painlessly.

Until last year, when the collapse in steel demand played havoc with production rates everywhere, the German industry was one of the most efficient in the world, along with Japan's and Canada's. Operating costs in 1981, for example, were just under £200 per tonne of steel produced compared with more than £250 per tonne at the British Steel Corporation.

But last year, the industry produced 36m tonnes of crude steel against 42m tonnes in 1981 and 53m in 1974, the last good year the Ruhr enjoyed. Production is falling further; capacity use in the Ruhr, on the Saar and at the smaller sites on the northern coast and at Salzgitter, is down to 40 per cent; and half the 180,000 workforce is on short time.

Since 1975, the primary steelmakers have made losses of up to DM 10bn (£2.63bn) and are expected to lose DM 3bn this year. In these conditions, another corporate crisis cannot be ruled out. Kloeckner-Werke, whose modern works at Bremen are working at a miserably low capacity, sprang up on Wednesday to deny that it was in financial difficulties. But Krupp Stahl has admitted that its pension fund is not completely topped up and Herr Korf, ten days ago, conjured a terrible prospect when he claimed that the Saarstahl affair had caused a number of credit sources for his group to dry up.

What has gone wrong? Too much steel, too many workers, a shrinking domestic market, a collapse of exports, ruinous competition with subsidised steel from Western Europe and cheap imports from the Far East and elsewhere.

The slump that followed the quadrupling of oil prices in 1973-74 brought a 25 per cent cut in German production in 1975 and state intervention in other European countries, amounting to some DM 80bn in accumulated subsidies to date according to the German producers' federation in Dusseldorf. Among the Germans, the hardest hit were the small companies in the old mining and steel region along the banks of the River Saar, whose inland location was as unfavourable as its products (low-carbon steels and sections) were unfashionable.

However, with this small region so dependent on the steel industry, the liberal Economics Minister in Bonn, Count Otto Lambsdorff, swallowed his free-market principles and approved a plan for restructuring the industry with DM 2bn in official aid. The plan, which entailed the cutting of old capacity and the amalgamation of the companies under the wing of the Luxembourg concern, Arbed, might have worked but for a second savage dose of the steel crisis in 1980, which also spread to the Ruhr.

The centre of the new crisis was Hoesch at Dortmund, some distance away from the most favourable sites on the banks of the Rhine, the greatest traffic system in Europe.

As the crisis deepened, the German steelmakers, extricated only painfully after the war from the single *einheitsgesellschaft* of the National Socialist era, began thinking of amalgamating again. Apart from Hoesch, looking for a replacement for Hoogovens, and Salzgitter, the state-owned concern badly hampered by its position near the East German border, both Thyssen and Fried. Krupp, Krupp Stahl's parent, were becoming seriously disenchanted with their steel operations.

Both of these giant groups owed their soundness to a diversification away from crude steel in the 1970s, but the new losses in 1981 were damaging their entire operations. Thyssen was obliged to cut its dividend by half for 1981.

However, the first banns to be read were for Hoesch and Krupp Stahl last February, with the enthusiastic support of the *land* government and the unions anxious about jobs in Dortmund.

Yet, Fried. Krupp soon came round to the view that Thyssen, whose Duisburg works abut Krupp's main operation at Rheinhausen on the river, looked a better bet and their joint announcement in the summer that they would merge their special steels sounded the death-knell for Ruhrstahl, as the Hoesch-Krupp concept was called.

A respite at the beginning of 1982, brought on by higher steel prices imposed from Brussels, gave way to what one steel expert calls a "free fall." The clamour against subsidised competition became deafening, the Germans fought with righteous fury against the inclusion of their products in quotas against subsidised steel in the U.S. market and Dr Dieter Spethmann, chief executive of Thyssen and head of the producers' club, wrote to Count Lambsdorff calling for border controls.

In fact relations between the Ruhr barons and Bonn have deteriorated fast, with confidence in Count Lambsdorff diminishing as his little Free Democrat Party has looked unsure of survival.

In an industry which had shed tens of thousands of jobs peacefully, trouble broke out on the labour front. When Krupp late last year announced 3,500 job cuts at Rheinhausen, the best site for steelmaking in Germany, workers marched on the Villa Huegel, the Krupp country house outside Essen.

Into this tumult last Tuesday stepped the banker, the insurance salesman and the professional supervisory board officer, like cautionary figures in some interminable German joke. Their concept is both radical and deceptively simple.

Haunted by memories of the *einheitsgesellschaft* of Hitler's era and anxious to protect the interests of the steel-users, they propose two roughly equivalent competitive blocks in the key product groups of flats and of heavy sections, which make up 70 per cent of German rolled steel production.

The first block, the "Rhine group," combines Thyssen and Krupp Stahl who are, in any case, well advanced in their merger talks. Thyssen's supervisory board is due to meet today to discuss the floating off of steel operations into a separate company available for merger.

The second block, which inspires considerably less confidence, is the Ruhr group, based round Hoesch at Dortmund and comprising the far-flung operation of Salzgitter, in Lower Saxony and Kloeckner, chiefly based at Bremen. Herr Vogelsang and his two colleagues—Herr Marcus Bierich of Allianz and Herr Alfred Herrhausen of Deutsche Bank—said these two groups offer the best rationalisation possibilities, each group possessing three wide-strip mills and able to supply the large flat steel finishing operations at Thyssen and Hoesch.

For the other great product group, the light sections predominantly used in the construction industry, the moderators envisage no such groupings but instead sharp cuts in capacity. In 1981, 172,000 tonnes of these products per month were produced at 15 sites. For the moment, Korf is abandoned to the mercies of the courts and Saarstahl to its own restructuring plan. However, the moderators hope that light sections can eventually be concentrated at sound Korf units and at Saarstahl, as well as at Thyssen.

For this group, the moderators advise the immediate establishment of two marketing groups, divided regionally between north-west and south-west, including the Saar. Two similar marketing organisations should also be established for the Rhine and the Ruhr while the companies involved discuss the new corporate concepts. Special steels are not affected beyond the Thyssen-Krupp co-operation.

Just as controversially, the moderators proposed (with the unanimous backing of the industry) measures to maintain German production at some undefined level. This level, consisting of production minus traditional imports plus exports, would amount to a floor and if the import component became too high, the moderators recommend border controls—either licensing or, at worst, a border levy. At the same time, they appealed for "take-off" aid from the government of DM 2-3bn and equivalent to what the moderators believe will be the annual savings from their plan.

Chancellor Helmut Kohl's government, six weeks before the general election, all but promised this money on Wednesday provided the companies come to an agreement. Count Lambsdorff was much more dubious about border controls but the Government made clear, that despite the serious implications of protection for an export-oriented country such as West Germany, it would seek from Brussels "protective measures if subsidized steel from abroad causes a fall in prices on the steel market."

The unions have already reacted with anxiety because of the implications for jobs and officials of some *laender* (notably Salzgitter's Lower Saxony) have been critical. Over the next weeks, the supervisory boards of the various concerns will meet to discuss the corporate concept. Already several areas, fraught with difficulty, have emerged:

● The Krupp-Thyssen "Rhine group" has a head-start in time over its counterpart, the Ruhr group, and has a more favourable site.

● The moderators scarcely go into the difficulties of dividing up accumulated debts or valuing assets.

● The special problem of Kloeckner's brand-new wide-strip mill is addressed but with the proposal that it be so written down in value that it can show a return on capital employed.

● Korf and Saarstahl are left mired in their own difficulties.

Add to these regional jealousies and fears of job losses, and the moderators' plan could well lose itself, like Ruhrstahl, in futile, time-consuming discussion. However, time is not to be spared. Ending his explanation of the plan, on Tuesday, Herr Vogelsang got up with a smile. "The companies know the kind of time pressure they are under."

THE PROPOSED SHAKE-UP

Suggested groups	Members	1981 monthly output in tonnes of: flats	heavy sections
Rhine	Thyssen, Krupp	466,000	65,000
Ruhr	Hoesch, Salzgitter, Kloeckner	461,000	100,000

Men & Matters

Two hats

Today's TUC conference on multinational companies at the Congress House headquarters in London will no doubt sing to the tunes of multinational bashers from all corners of the British trade union movement.

But at least one of the keynote speakers will be able to take criticisms right back into the heartlands of the corporate multinational business. He is Herman Rebhan, the American general secretary of the 14m-strong International Metalworkers Federation, the Geneva-based coordination body for automotive, steel, and metal unions.

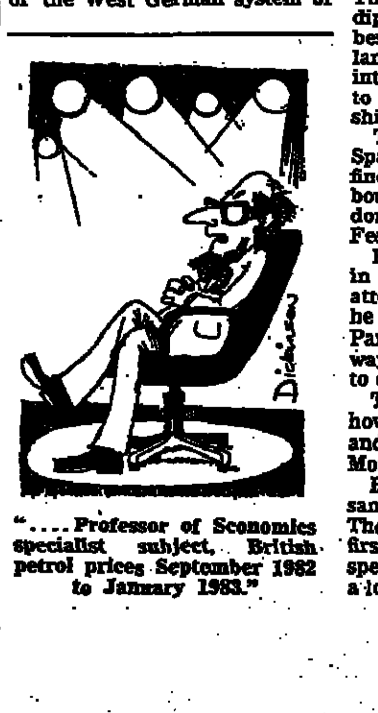
Rebhan is also a member of the board of Ford Motor in West Germany.

He was first elected on to the Ford supervisory board under the West German industrial democracy laws, and three years ago was elected vice-chairman.

He claims that his wearing of two hats presents no problems. He remains a cautious fan of the West German system of industrial democracy, saying: "It is not a cure-all but I think it helps to have the workers' voice heard properly at the highest level."

Rebhan reckons that West German automobile companies with plants in South Africa and Brazil have had to come to terms with workers' demands because of behind-the-scenes pressure put upon managements by West German worker-directors.

He says: "Multinational parent companies have to operate differently when workers are on their boards."



"....Professor of Sconomics specialist subject, British petrol prices September 1982 to January 1983."

In the black

Ever alert to the problems of the clergy, Accountancy Age notes that the only items of clothing they are presently allowed against tax are "the cassock and surplus."

In contact

Though British and Argentine diplomats have not been the best of friends since the Falklands war, it is difficult on the international diplomatic circuit to maintain a distant relationship.

The British Ambassador to Spain, Richard Parsons, now finds himself a next-door neighbour to the Argentine Ambassador Enrique Ros in Madrid's Fernando El Santo street.

Ros, former chief negotiator in New York in the unavailing attempts to avert the war, says he has not yet encountered Parsons in the street. "It's one way, you see, so we never seem to cross paths."

There has been some contact, however, between the British and Argentine ambassadors to Morocco.

Both apparently attended the same hearty reception in Rabat. The Argentine diplomat left first, driven away at breakneck speed. The car braked to avoid a lorry, and the British ambassador's car, following close behind, collided with it.

"You know we really must stop attacking you like this," said the British diplomat as he surveyed the damage. "The King of Morocco might disapprove."

Party spirit

Sir John Hoskyns, former head of Margaret Thatcher's policy unit, was in typically iconoclastic form at the Lancaster House conference yesterday to launch the 1983 European Year of Small and Medium-sized Enterprises.

Hoskyns recounted the story of a new and rather naive MP taking his seat in the House of Commons beside a senior member of his party.

"Isn't it good," the young man remarked as he gazed across the Chamber," to be able to look the enemy in the eye?"

His more experienced colleague gently corrected him. "The people you are looking at are your opponents," he said. "Your enemies are sitting on this side of the House."

Falin out

The mystery surrounding the demotion of Valentin Falin, the urbane golden boy of Soviet diplomacy and deputy head of the Central Committee's Information Department in Moscow, has been cleared up, according to the West Berlin Tagesspiegel newspaper.

Falin, who wooed the West Germans as the youthful Soviet ambassador to Bonn in the 1970s and as a deputy foreign minister, was removed from his post last week and appointed a political commentator for the government newspaper Izvestia.

The Berlin newspaper quotes Soviet sources that Falin's undoing was the defection to the West of his stepson, a Soviet diplomat who served in Vienna, in January 1981. At the time, a cloak of secrecy was thrown over the defection because of the father's prominence.

Not long afterwards the aristocratic-looking Falin married his secretary from Soviet Central Asia. It was his third marriage.

Falin's file apparently had so many entries from the KGB, headed by one Yuri Andropov until Leonid Brezhnev's death, that his political demise was only a matter of time.

Switched on

Will robots replace the "young" soldier in the army of the future, I asked Sir Harry Tso?

As General Tuso he commanded the army in Northern Ireland in the late 1970s. He still enthuses over the robot that British defence scientists developed in only three months to tackle terrorist bombs.

Tuso is now chairman of Marconi Defence and Space Systems, the shy £300m GEC subsidiary that works closely with Britain's defence research laboratories.

The army, long laggardly in exploiting scientific advance, is catching up fast he says. Nevertheless, he is prepared to back men against robots in a future war. He quotes the old Army maxim, "We equip men, they man equipment"—which is said to differentiate between soldiers, on the one hand, and sailors and airmen, on the other.

To train and equip a British soldier today costs about £100,000. Tuso sees the most interesting developments in the Army's new-found enthusiasm for electronic warfare — the battle of the ether in which you try to confuse and mislead the enemy by jamming, deflecting, and distorting the signals which are steering ordnance in your direction.

The tip is that some pretty bizarre shapes of vehicle will soon start appearing for battlefield use.

Observer

POLITICS TODAY

Mrs Thatcher—alas

By Malcolm Rutherford

THE GOVERNMENT lost the debate on the Falkland Islands in the House of Commons this week on points, despite a remarkably belligerent performance by the Prime Minister in the final round on Wednesday night.

Indeed if the report of the Franks Committee—the real subject of the debate—had not included those absurd final sentences about attaching no blame and no criticism to the present administration, it is hard to avoid the conclusion that the Government would have been in very severe difficulties.

There was a good deal of talk about how historians will treat it all. One hopes that they will take note that it was those final sentences which enabled the Government to take the lead in the propaganda battle when the Franks Report was first published and which sustained the Government benches throughout the two-day debate. Tory MPs had nothing new to say. Without those sentences they would have been lost.

Not only historians, but also contemporary observers, may note the oddity that the report, including the final sentences, was signed by the two Labour representatives on the committee, Lord Lever and Mr Merlyn Rees. The two of them went an awfully long way towards letting the Government off the hook.

Yet if the Government still suffered a defeat on points, it is rather harder to prove that the Opposition won. That is largely because there is more than one opposition.

In the debate this week you saw the revenants of the old Callaghan Government at their best. Mr Callaghan may not have been the country's most successful Chancellor of the Exchequer, Home or Foreign Secretary. But, at least until the last few months, he was an effective Prime Minister. He ran an efficient machine.

That old ministerial team was back on parade at the Falklands debate: Mr Callaghan himself, Mr Michael Foot, then Deputy Prime Minister and now leader of the Labour Party, Mr Denis Healey, too well known to need any further description, and Dr David Owen, then Foreign Secretary.

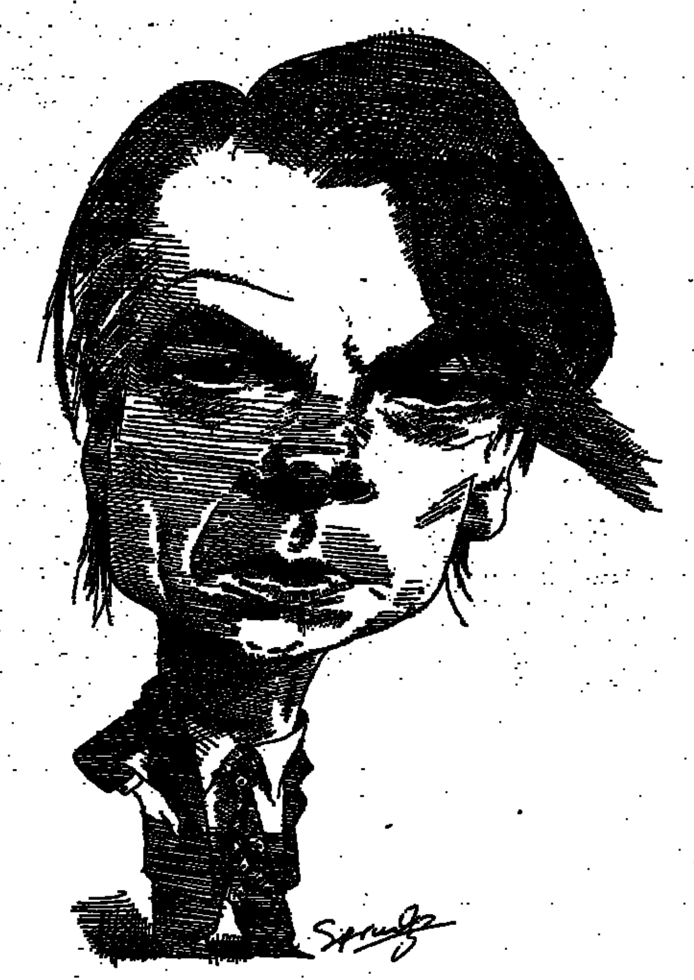
Mr Foot achieved the rare distinction of being cheered from his own benches and producing a pretty good attendance on the Labour side. You have to know the House of Commons quite well to appreciate how seldom that happens. He quoted Franks, Lord Hill-Norton, a former Chief of Staff, and Sir Nicholas Henderson, the British ambassador to Washington during the Falklands crisis, all of them to telling effect. Easy enough perhaps, but it is unusual for Mr Foot not to put a finger wrong. He didn't.

Mr Callaghan spoke up for common sense—"The Government just got it wrong"—as he always did. There was a curious lacuna when he refused to explain what really happened during the Falklands scare of 1977. "I know I'm right, but I can't tell you why," seemed to be the tenor of it. But he held the House in a way that now seems almost reserved for ex-Prime Ministers.

Mr Healey was very good, too. But the most devastating speech came from Dr Owen who savaged Mrs Thatcher in a manner to which she is plainly unaccustomed. Moreover, he did it from a rational basis of knowledge and experience.

In brief, he said that it was right to respond to Argentine aggression, though there were some qualifications about how the invasion was allowed to take place. It was right in the circumstances even to sink the Belgrano—a notably brave statement. But it was wrong to fall back on Fortress Falklands and the "paramountcy" of the wishes of 1,800 islanders about their future. "We fought against aggression, not for a flag," he said. Sometime it would again become necessary to discuss the long-term future of the islands, not only with Argentina but with Latin America.

Mrs Thatcher paid both Dr Owen and Mr Healey the compliment of twice intervening in their speeches—most unusual for a Prime Minister. As for her own final contribution, it was a brilliant parliamentary success. She was a battle-axe. She never stopped talking. Neither Dr Owen nor Mr Healey were allowed to get a word in edgeways. Only male courtesy restrains one from dwelling on the fact that she had little to say of substance and that the Government has now been landed with the one option which it and its predecessors thought least desirable: namely Fortress Falklands for the foreseeable future.



David Owen: a devastating speech

So much for description; now for some comments. Mr Tony Benn was right in saying from the Labour back benches that the Franks Committee had too limited a brief in only going up to April 2 when the Argentine invasion was an accomplished fact. It would have been instructive to have had the same degree of information about the American and Peruvian settlement proposals before British repossession of the islands, and the British reaction to them, that Franks provides about the events before. On none of that are we any the wiser.

Returning to the old Callaghan team, the most obvious fact is that Dr Owen no longer belongs to it. He became a founder member of the Social Democratic Party. Yet the political differences between him and Mr Healey are minute, as this week's debate again demonstrated. The thought crosses and recrosses the mind that perhaps the split within the social democrats in the Labour Party took place prematurely, even unnecessarily—as Mr Healey has always argued.

At the same time, there is now quite clearly a number of Members of Parliament who have more in common with each other than with their own party. Mr Healey and Mr Heath are among them, and you could add a few others from the Tory side like Mr James Prior, the Secretary of State for Northern Ireland, and Mr Francis Pym, the Foreign Secretary, who distanced himself from the Prime Minister this week by saying that the Government is not pursuing a "blind fortress policy" over the Falklands. "Ours," he said, "is not a policy of obduracy." It is very hard to read that without seeing some implication of a rebuke to Mrs Thatcher, as well as to Argentina.

Some of these like-minded people are among the most commanding speakers in the House. Dr Owen has conspicuously joined their ranks, now outshining Mr Enoch Powell, who used to be the only speaker who could hold the House spellbound.

A question is whether this is merely a temporary phenomenon, reflecting the present composition of Parliament, or whether it is part of a wider groping towards the realignment of British political parties. For the failure of the Social Democratic Party so far is that it has not yet created a separate identity. It is both ahead of and behind its time. There are still social democrats in the Labour Party, in the Conservative Party and of course among the Liberals. Between them they would probably command a majority in the House of Commons and in the country, but they remain tied to their respective parties.

Reporting of opinion polls tends to concentrate on the Tory lead, which undoubtedly exists. Yet it is worth looking at the polls the other way round. That way they show an anti-Conservative majority, even if the vote for the SDP-Liberal Alliance is put as low as 20 per cent and the Labour vote as low as 31 per cent.

It is sometimes said that the British electoral system could produce a left-wing Labour Government on the basis of little more than one-third of the popular vote for the party. But the same might be said about the possibility of a right-wing Conservative Government: that would hardly be a popular mandate either.

To come back, however, to the Falklands and the debate on the Franks Report. Successive British Governments foresaw in the back of their minds the possible predicament of an Argentine invasion and Mrs Thatcher's was unfortunate enough to be landed with it. The problem was how to get Parliament, the electorate and the Falkland Islanders to recognise that the status quo was untenable in the longer term. Tory and Labour governments shied away from it.

The merit of the Franks Report is that it described that dilemma over the years. The reason why the opposition parties won the debate on points was that they seized on the realities of the report. Between them, Franks and the opposition have made discussion of a different regime for the Falklands more respectable. It is hard to believe that Parliament ever again will behave with that mixture of chauvinism and ignorance which greeted the proposals for change in the Falklands suggested by Mr Nicholas Ridley in December 1980 or the news of the Argentine invasion.

Change proceeds slowly. Mr Richard Luce, the junior Minister responsible for the Falklands who resigned along with Lord Carrington, made the point this week that if only there had been a Select Committee on Foreign Affairs in the 1970s, to whom the Foreign Office could have talked, Parliament might have better understood the problems. Such a committee now exists: it would be surprising if it came out wholly in favour of Fortress Falklands.

One final point. The only administrative reform to come out of the Franks Report is that the chairmanship of the Joint Intelligence Committee is to be taken away from the Foreign Office and will pass to the Cabinet Office. Some change. The most obvious candidates for the job are recently retired diplomats like Sir Antony Duff who is at the Cabinet Office already.

The trouble with the British system—the composition of the Franks Committee was a perfect example of it—is that there are not many outsiders who could be brought in. There are a few, like Mr Brian Urquhart who has been at the United Nations for years and has unparalleled experience. But the betting must be against it. Mrs Thatcher, one increasingly concludes, is a pseudo-radical.

Lombard

The IMF must go to market

By Nicholas Colchester

LAST WEEK'S agreement between senior officials of the Group of Ten industrial countries to boost the IMF's General Arrangements to Borrow (GAB) by some SDR 10bn ($11bn) to SDR 17bn left an impression of snappy action by governments to support the newly active Fund. It was reinforced by the decision to bring forward to February 10 a meeting of the IMF's governing Interim Committee at which, it is assumed, an increase in the Fund's quotas—its basic source of finance—from SDR 61bn to something like SDR 90bn will be decided.

Unfortunately, there is a prospect of a long hiatus between the expression of such good intentions and cash in the IMF's hand. In the case of both GAB and quota the source of the IMF's money is ultimately domestic borrowing by governments. This borrowing has to get differing degrees of parliamentary approval in different countries.

Quota increases are a notoriously lengthy process. The last time IMF quotas were raised it took two years between the executive decision and the moment when the required consent of members representing 75 per cent of quotas was obtained. This time the process may be accelerated somewhat by the general atmosphere of urgency, but the middle of 1984 appears to be the earliest the new quota funds can be available.

Hopes have been pinned on GAB as a quicker source of IMF funds. It has been considerably modified to take the strain. Switzerland has been welcomed as a new member. Saudi Arabia is being invited in as an associate contributor. GAB's new size of SDR 17bn (excluding any Saudi money) compares significantly with the roughly SDR 30bn of quota finance that is currently usable by the Fund. GAB can now be used to fund all IMF lending and not just lending to countries in the Group of Ten. There is also a move afoot to re-imburse contributors at the full SDR interest rate and not to ask them for what was effectively subsidised credit.

Yet it is most probable that these GAB funds will not be as rapidly available as the deteriorating situation demands. Far from being a "quick fix," pending the quota increase, they will be ratified by governments in tandem with the new quotas and will not be drawable until the middle of next year.

Washington is a big factor in this delay. Both the GAB boost and the quota increase must be scrutinised by two committees of the House of Representatives and by three of the Senate. The link between funding the IMF and the U.S. Government's budget deficit appears to be more of an issue on Capitol Hill than it is at Westminster

If the IMF continues to operate at the pace recently demanded of it, it will run out of lendable resources in two or three months. "Run out" is necessarily a subjective assessment: whether they provide funds through quota or through the GAB, members have the right to withdraw money at short notice if their balance of payment position deteriorates, so the Fund has to keep a stock of usable currency up its sleeve.

Yet it seems almost inevitable that the IMF will need further finance before the boosted GAB and quotas become available. Mexico's financial and political situation looks precarious as the oil price weakens. There could very possibly emerge a need for replacement of bank finance, rather than its encouragement, before the year is out.

So where does the IMF turn? Saudi Arabia will doubtless be asked for a further loan of $4bn (£2.6bn)—its third in three years—but how this will mesh in with its new GAB involvement remains unclear. Some Group of Ten governments may be asked to put up their new GAB money before the increase is unanimously ratified. But it seems most likely that 1983 will be the year that the IMF turns to international markets for cash, capitalising on the implicit backing of its member governments to take some of the strain off the creaking banks.

Letters to the Editor

The Inland Revenue and Government intentions

From Mr G. Simon

Sir,—The article on tax reform by David Freud (January 22) raised a number of fascinating questions as to the relationship between the Inland Revenue and the Government. If Mr Nicholas Ridley, Financial Secretary to the Treasury, is indeed sensitive to the claim that it is the Inland Revenue that controls legislation he must be overlooking the unfortunate fact that large areas of legislation which have extended Inland Revenue powers have been introduced under Conservative governments.

A striking example of this is S460 of the Taxes Act 1970 which was originally S28 of the Finance Act 1960. The late Sir Reginald Manningham-Buller, then attorney general, stated at the time in the House of Commons that the purpose of that clause was to prevent dividend stripping. Officials of the Inland Revenue have told me on a number of occasions that they knew perfectly well that the clause as submitted to Parliament had very much more extensive application than the attorney general described. Once it was enacted they proceeded to exercise the powers that they had tricked Parliament into creating.

Numbers of other examples can easily be given by anyone who has the misfortune to deal with tax legislation with any frequency. Certainly it is easy to show the accuracy of the criticism expressed by Mr Ray, president of the Institute of Chartered Accountants, that Somerset House attitudes have succeeded in undermining the practical usefulness of recent government proposals as to demergers, start-up schemes and so on.

In these circumstances the Inland Revenue can hardly complain that many City institutions and ordinary taxpayers too have ceased to regard taking advantage of tax avoidance plans as unacceptable. All they have done is to respond to the Inland Revenue's own attack.

I suggest that the best treatment for the problem is for the entire head offices of the Inland Revenue to be removed from Somerset House to some environment in the North of England where reality will surround them every day of the week; that will possibly jolt them out of the belief that they know better than anyone else what is the right course of taxation action. Here in the West Midlands I have seen, over the past 20 years, numbers of family businesses choose to be taken over rather than continue the annual argument with the Inland Revenue as to whether or not dividends should be payable. Many of those businesses no longer exist. The Inland Revenue is still pursuing that particular fixation as can be seen from a recent case where the Revenue lost a claim that for a manufacturing company to invest money in a new business as *distinct* from its existing business was not a requirement of the business.

As a further example of this attitude the Revenue for quite a long time took the view that export salesmen could not have their laundry bills abroad allowed for tax purposes because (and I have a copy of an Inland Revenue letter about this) if the individual had been at home his laundry bills would not have been allowable. In such ways have the Inland Revenue encouraged British commerce.

G. M. Simon.
Princes House,
48, Temple Street,
Birmingham.

The earnings league

From the Chairman,
National Joint Industrial Council for the Water Service

Sir,—Your Labour Correspondent enjoys a high reputation for accurate and reliable reporting, but his piece (January 26) on comparative pay in the upper quartile of the national earnings league falls well short of his usual standards.

Thus, it is said that the figures for both electricity and gas exclude the higher paid craftsmen's earnings, while the water figures include them. The reverse is true. The earnings of water industry craftsmen are not covered in the average non-craft manual earnings of £136.90 per week. The earnings of water industry craftsmen average £158.60 per week, well above the upper quartile for manual workers (£154.60).

By contrast the figure for gas workers (£154.30) includes the earnings of craftsmen, who make up about half of the labour force in the gas industry. Similarly, the electricity manual earnings (£153.00) also include craftsmen's earnings. Again, about one-half of the electricity supply National Joint Industrial Council workers are craftsmen or have specialist skills as instrument mechanics, etc.

So the trade unions' claim for comparability for non-craft manual workers in water with manual workers (including craftsmen) in gas and electricity is not comparing like with like. This has been explained to the trade unions on many occasions. And the report of the mediator (Mr Buchanan) explicitly rejects a comparability claim with the upper quartile or with any previously prevailing position.

There are other factors which go to explain the gap in earnings with gas and electricity, such as the much higher level of shift working in electricity and the payment for staggered working in gas and electricity. Sadly, when the water employers put up proposals on staggered working the trade unions asked that they be withdrawn, although they would have produced higher earnings.

Great care is also required in interpreting the information given in the Department of Employment new earnings survey. For example, you quote a 1975 figure of £61.80 for water earnings, which was higher than gas (£61.70) and electricity (£55.10). The water figure however, includes some non-manual staff. An internal National Water Council figure for non-craft manuals records average weekly earnings of £56.20 in 1975. So there is an error in your base line which distorts the subsequent picture.

No more accurate is your Labour Correspondent's assertion that earnings in gas and electricity have pulled away from water between 1980 and 1982. The facts are that in April 1980 water earnings were 85.2 per cent of those in gas and electricity. They have remained roughly constant since then.

Len Hill.
1 Queen Anne's Gate, SW1.

Fees for overseas students

From the Executive Secretary,
UK Council for Overseas Student Affairs

Sir,—Alain Cass's article "UK seeks to improve Malaysian relations" (January 20) was a timely reminder of the importance attached by overseas governments to British policy towards overseas students, as well as highlighting the trade implications of the whole issue.

Any thawing of relations between Malaysia and Britain however brought about by the expectation of improved arrangements for overseas students has just been dealt a severe blow. Far from easing their position, the Government has actually increased fees for overseas students in 1983-84, by between £180 and £400 for undergraduates, while the home and EEC undergraduate fee remains static at a total of £480.

Good intentions by the British Government have yet to be translated into good deeds.

Rupert Bristow,
60, Westbourne Grove, W2.

Overwhelming copiousness

From Mr C. Rope

Sir, — In his review of A. N. Wilson's The life of John Milton (January 22) Anthony Curtis refers to "the seven weighty volumes of Milton's Scottish Victorian biographer, Masson, now unread on many library shelves."

I feel it is only fair to our Victorian forebears to point out that even when the first volume of Professor Masson's study appeared at least one reviewer (the great Walter Bagehot) felt that the work was rather more than "weighty."

In the National Review (July 1859) Bagehot starts off with some praise for the book: "It is very laborious, very learned and in the main, we believe, very accurate." Later on, however, he seems to get to the heart of the matter" (Mr Masson) has no dread of overgrown bulk and overwhelming copiousness. He finds, indeed, what we have called the exhaustive method insufficient. He not only wishes to narrate in full the life of Milton, but to add those of his contemporaries likewise; he seems to wish to tell us not only what Milton did, but also what everyone else did in Great Britain during his lifetime."

All that was written when Bagehot thought there were going to be only three volumes. What would he have said if he had known there were going to be seven?

C. M. Rope.
Crag Farm, Boyton,
Near Woodbridge, Suffolk.

Women thrown in free

From Mr O. Milburn

Sir,—With reference to the item "Salmon rules" in Men and Matters (January 24). There was always a rule on the River Naver in Sutherlandshire that if a man rented a beat, for one rod a woman could be thrown in free, so to speak, to fish as well! Rather a generous arrangement.

Perhaps it was not always the case, but certainly for many years it has been possible for a woman to fish without the man who rented the rod having to pay extra.

If the woman was a good fisherman it could be very helpful for catching enough fish to pay the rent!

O. Milburn,
Highcliff, Little Switzerland,
Douglas, Isle of Man.

FINANCIAL TIMES

Friday January 28 1983

Peter Bruce examines the world's fork lift truck industry

Eaton pulls out of an overcrowded field

THE MOST surprising thing about the Eaton Corporation's decision this week virtually to quit the fork-lift truck business is that it took so long.

Eaton, whose Yale lift trucks have made them the world's seventh biggest supplier, has been trying to sell this business for nearly 10 years – for very good reasons. There is massive oversupply in the industry, whose sales totalled $7.3bn worldwide last year; Japanese competitors have savaged the Western European markets since the early 1970s; the U.S. market for high-volume small trucks, in decline for two years before the current recession, has virtually disappeared: and profits in the West are being bought only at the cost of heavy cuts.

The Eaton withdrawal is mutation in which it keeps a stake of just under 20 per cent in a new international partnership that is to include Eaton shareholders, Sumitomo Heavy Industries of Japan – which already makes Yale trucks under a joint venture – and "a major continental materials handling manufacturer." This is probably Jungheinrich, a major West German lift truck maker, which is likely to take over Eaton's plant in Germany.

But the story is incomplete. Eaton's biggest operation outside the U.S. is based near Wolverhampton in the UK and so far it has not been touched. Britain's third biggest lift truck manufacturer, Lancer Boss, came within a whisker of buying into the new partnership, it seems.

The company on Tuesday called a press conference for Wednesday (which coincided with the Eaton announcement in Ohio), to "make an important announcement concerning the reorganisation of the lift truck industry."

But something went wrong. The press conference was cancelled hours after invitations went out. What happens to the Midlands plant and its 350 employees now is uncertain but it seems possible that whoever buys the German plant will be looking for guarantees of access to European and adjacent markets, perhaps at the expense of the UK plant.

Britain is perhaps the only major lift truck market showing any signs of life. After a drop in demand in 1981, when truck sales fell to less than half the 15,294 units sold in 1979, forecasts last June predicted a 20 per cent upturn.

In the rest of the EEC, only France shares that trend, with a forecast upturn of just over 4 per cent last year. Demand in West Germany, traditionally Western Europe's biggest market, looked like falling 21.6 per cent after a 26.2 per cent fall in 1981.

In the U.S. – the world's biggest consumer of forklift trucks – the major domestic producers, which all maintain a significant manufacturing presence in Europe, are losing heavily. In many cases these losses are being led by falling lift truck sales. Hyster, the biggest U.S. lift truck producer, reported a 31 per cent fall in sales in the second quarter of last year and net income fell from $9.2m to $1.1m.

Clark Equipment, whose lift truck sales are a small percentage of the total, lost $21.4m in the third quarter of last year and wrote off $215m in a rationalisation that involved closing four plants in Michigan and losing 1,700 of its 12,900 workforce.

Last month Caterpillar Tractor warned that its 1982 losses might total $200m as a result of substantial deficits in its agricultural equipment and lift truck businesses.

Eaton, which has seen the contribution of lift trucks to total sales drop from nearly 15 per cent to 8 per cent in under five years, lost $27m in its materials-handling business last year and the entire group went into loss in the third quarter of 1982 for the first time in 40 years.

Lift trucks are an easy industry to get into. Many of the world's estimated 250 manufacturers do little more than assemble components bought in from other producers. The industry is dominated, nevertheless, by industrial giants on one hand, like Toyota, or specialists, such as Hyster and Landing Bagnall.

In 1981, lift truck sales of £187m accounted for just 2 per cent of Toyota's total turnover, sufficient nevertheless to take the motor group to number four in the world. Hyster, on the other hand, drew 94 per cent of its sales from lift trucks.

For the specialists, relying as they do on lift trucks for most of their business, leaving the industry is probably not seriously contemplated at present. But there are a number of manufacturers whose involvement with lift trucks is relatively significant and for whom the temptations to get out are often strong. This has proved a lot more difficult than getting in, however.

For example, an agreement in principle that the world's biggest manufacturer, Balkancar of Bulgaria, take an estimated 30 per cent share in the troubled Fenwick operation in France has reportedly run into trouble. The details are not clear, but the risk to jobs in France, with Balkancar wanting to supply components to Fenwick, is fraught with difficulties.

Balkancar, however, is doing no more than any other potential rescuer might. To make any sense rationalisation, which most leaders in the industry agree is more urgent than ever, must involve the contraction or even disappearance of some manufacturers, at least 90 of which are based in Europe. Some of the prophets of rationalisation, including Mr Trevor Bowman-Shaw, chief executive at LancerBoss, argue that by 1990 10 manufacturers will take about 70 per cent of the world market. This could involve the retreat of 20 European producers.

Why European manufacturers have resisted temptations to get out is difficult to determine. One certain reason is that there are few buyers around. Another is the difficulty involved in finding partnerships which would offer the right product mix. There is no apparent reason, for instance, why Jungheinrich, which makes electrically-powered trucks, would want to buy a direct competitor except to close it down, which might prove politically impossible.

On the other hand LancerBoss, which makes big, specialised trucks, would find a producer of smaller, conventional equipment attractive, but has been reluctant to pay a high price.

Difficulties also arise because the industry has a truly international spread and governments are likely to be chary of takeovers from beyond their borders.

Japanese producers, including Komatsu, Datsun and Toyota, have made deep inroads into the European and U.S. markets, particularly in the overcrowded diesel sector below 1,500 kg.

From the beginning of the oil crisis in the early seventies, which saw the Japanese domestic market fall sharply, exports of Japanese trucks to Europe, including the Comecon countries, have increased threefold. Their share of this market has moved from 9.3 per cent in 1972 to more than 20 per cent today. Excluding Comecon, analysts agree that the Japanese share of the Western European market is much higher.

For instance, the Japanese share of the UK market under 2.5 tonnes is now nearly 50 per cent – double what it was in 1978. Where Japan's average share, all ranges in Europe including Comecon was 21 per cent in 1980, it was 55.7 per cent in Finland, 40.6 per cent in the Netherlands and 45 per cent in Belgium.

WORLD FORKLIFT TRUCK INDUSTRY (£M)

Company	Country		1981	1980	Company	Country		1981	1980
1 Balkancar	Bulgaria	F	336	337	11 Caterpillar	USA	F	67	62
		T	346	364			T	4772	3595
		%	97	93			%	1.4	1.7
2 Hyster	USA	F	280	238	12 Toyo Umpanki T.C.M.	Japan	F	62	58
		T	304	264			T	124	119
		%	94	90			%	50	50
3 Clark	USA	F	259	286	13 BT	Sweden	F	61	59
		T	709	641			T	89	87
		%	37	45			%	68	68
4 Toyota	Japan	F	187	185	14 Jungheinrich	Germany	F	59	65
		T	9359	7433			T	85	85
		%	2	2			%	69	76
5 Linde (Baker, Guldner, Still)	Germany	F	158	165	15 Valmet	Finland	F	58	42
		T	575	464			T	388	243
		%	27	36			%	15	17
6 Lansing Bagnall	UK	F	135	133	16 Fenwick	France	F	50	48
		T	142	137			T	136	122
		%	95	97			%	37	39
7 Eaton/Yale	USA	F	128	130	17 Raymond	USA	F	48	47
		T	1650	1328			T	48	47
		%	8	10			%	100	100
8 Komatsu	Japan	F	119	113	18 Crown	USA	F	45	34
		T	N.A.	1034			T	50	38
		%	N.A.	11			%	90	89
9 Allis Chalmers	USA	F	70	64	19 Lancer Boss	UK	F	40	40
		T	1064	863			T	40	40
		%	7	7			%	100	100
10 Fiat	Italy	F	67	56	20 Nissan (Datsun)	Japan	F	39	37
		T	8712	8196			T	7604	5977
		%	0.8	0.7			%	0.5	0.6

F = Forklift truck turnover T = Company's total turnover % = Forklift truck turnover as % of total. Source: Fordermittel Journal, 1982

UK court tells U.S. bank to defy jury

Continued from Page 1

regard to matters entrusted to grand juries," the judge said.

The head of the London branch of another U.S. bank welcomed the decision yesterday. He said it was a good development for the London market. "It is demonstrating the independence of the banks operating here. They have to abide by English law and not U.S., French or German law."

The grand jury had ordered production of "any and all records and transactions" of the companies. Failure to comply would, it was said, put the bank in contempt of court.

The British judge said that the bank's difficulty was that it was bound by U.S. law to comply; at the same time there was an English court injunction ordering it not to do so.

Production of the documents would mean the disclosure of information about the companies' customers and the repercussions could be serious.

The bank feared that, if one of its officers in New York were ordered to produce the documents and refused to do so, he might be jailed.

There was evidence that satisfied the judge, however, that the New York legal doctrine of "foreign government compulsion" would give the bank a defence: It had tried in good faith to comply with the subpoena but had been prevented from doing so by the English injunction.

Matra may take full ownership of car venture with Peugeot

BY DAVID MARSH IN PARIS

MATRA, the French state-controlled electronics and defence group, looks likely to move towards taking full ownership of the joint car company it owns along with Peugeot, the financially-troubled motor concern.

Neither Matra nor Peugeot would comment officially on a report in the "Agefi" financial newspaper that Matra was set to buy out Peugeot's 45 per cent stake in the group, Matra Automobiles, which has been heavily in the red over the past three years.

Matra, however, did not deny the story and said it would be making a statement on the future of the joint company early next week. This follows several months of discussions about a possible restructuring of the company.

Industry officials commented that a move by Matra to take full control would be a logical step. The group – owned 51 per cent by the state – is one of the few profitable enterprises in the public sector, while Peugeot is making efforts to trim costs and raise cash to finance heavy losses.

Peugeot is France's second largest vehicle group (after Renault) and the largest private company in France after last year's nationalisations. It announced losses of FFr 1bn for the first half of 1982 after a deficit of FFr 2bn in 1981. Earlier this month, it said it was selling off a supermarket subsidiary to raise funds for its main-line car business.

Matra Automobiles was set up in 1979, making specialist cross-country and sports cars of the Rancho and Murena models. Its output last year was only about 8,500 units – half the 1979 production of 17,000 cars. The company registered a 1982 loss of between FFr 120m, and FFr 130m, as much as the combined losses of 1980 and 1981.

The business is reckoned by Peugeot to be peripheral to its main car sector. At present, the entire output is marketed through the Peugeot sales network. This commercial link between the groups is expected to be maintained even in the event of Matra taking 100 per cent control.

Kaiser Steel expects to break even

By Paul Taylor in New York

KAISER STEEL, the ninth largest U.S. steelmaker, said yesterday that it expects to break even in 1982, buoyed by the encouraging performance of its non-steel divisions, returns on its substantial cash reserves and a $50m tax credit.

Kaiser had previously warned of record losses in the year as it faced slumping steel prices and stagnant demand. Several other major steelmakers have already reported huge losses for 1982, including Bethlehem Steel which earlier this week announced a record $1.15bn net loss for the final quarter.

Thorn's muted praise for Reagan's plan

BY PAUL CHEESERIGHT IN DAVOS

M GASTON THORN, the President of the European Commission, last night gave muted praise to the economic objectives set out in President Reagan's state of the union message earlier this week.

He approved the recognition for budgetary restraint and for the necessity to liberalise trade, but told world political and business leaders at European management forum in Davos, Switzerland, that this was not enough to ensure economic revival.

It was essential to give due importance to economic cooperation with the third world, he said. The U.S. increasingly forgot this as its arrears of payments to international financial institutions testified.

Relations between the U.S. and EEC had suffered because of the badly conceived and contradictory policies labelled "Reaganomics," protectionist pressures in the U.S. and the over-valuation of the dollar, M Thorn said.

Haughey under pressure to resign

By Our Dublin Correspondent

MR CHARLES HAUGHEY, the Irish opposition leader, yesterday survived a new attempt to unseat him as leader of Fianna Fail, following a meeting of his parliamentary party to discuss the phone tapping scandal which had threatened to topple him once and for all.

In the face of Mr Haughey's decision not to resign despite strong popular and party rank-and-file reaction to the allegations that major phone tapping operations took place under his premiership, his parliamentary colleagues clearly felt unable to force him out.

Intense press speculation that Mr Haughey – once described as the Houdini of Irish politics – was to resign, may have made many Fianna Fail MPs anxious to avoid the impression that their leader was being driven out of office. Leading Irish papers had yesterday published what amounted to political obituaries of Mr Haughey.

Despite Mr Haughey's reprieve, many Fianna Fail personalities are convinced that he will resign before the annual party conference, due in three weeks time. This impression was reinforced by a statement issued after yesterday's meeting, which said that Mr Haughey would "take his own decision in his own time."

Some of his most loyal supporters believe, nevertheless, that Mr Haughey, having won this breathing space, will fight to the end. They recall the controversy of 1970, when Mr Haughey was accused of involvment in gun-running to the IRA. Mr Haughey ignored constitutional convention and refused to resign from the Cabinet when asked to by the then Premier, Mr Jack Lynch, who was forced to sack him, opening up wounds in Fianna Fail – traditionally the most nationalist of Ireland's two major parties – that have never healed.

Mr Haughey's position yesterday was also strengthened by the absence of an obvious alternative leader. The three candidates most often named are Mr Desmond O'Malley, Mr Michael O'Kennedy – a former EEC Commissioner – and Mr John Wilson. None can be sure of winning if Mr Haughey does eventually resign.

But it is not clear how Mr Haughey can fight back with the limited support left to him inside Fianna Fail

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	14	57	Malaga	S	18	65	Salzburg	F	10	50
Algarve	S	11	52	Faro	S	17	63	Malta	C	15	59	Seoul	C	6	43
Algiers	S	17	63	Florence	C	9	48	Manila	C	31	88	Singapore	R	29	84
Amsterdam	C	10	50	Frankfurt	R	9	48	Miami	F	12	54	Stockholm	C	6	43
Athens	S	12	54	Funchal	S	20	68	Milan	Fg	5	41	Strasbourg	C	13	55
Bahrain	C	20	68	Geneva	C	7	45	Moscow	C	1	34	Sydney	C	21	70
Bangkok	F	29	84	Gibraltar	F	14	57	Munich	C	13	55	Taipei	F	19	66
Barcelona	S	17	63	Guernsey	R	10	50	Nairobi	—	—	—	Tangier	S	17	63
Beirut	C	8	46	Helsinki	C	4	39	Naples	S	13	55	Tehran	—	—	—
Belgrade	F	12	54	H. Kong	F	19	66	New Delhi	C	23	73	Tel Aviv	C	13	55
Berlin	C	14	57	Innsbruck	Fg	3	37	New York	C	−1	30	Tenerife	S	21	70
Biarritz	S	19	66	Inverness	R	6	43	Nice	S	13	55	Tokyo	F	12	54
Blackpool	R	8	46	Istanbul	S	7	45	Oporto	S	13	55	Toronto	C	−8	18
Bordeaux	C	12	54	Jersey	D	11	52	Oslo	F	5	41	Tunis	C	12	54
Brussels	C	11	52	Jo'burg	F	29	84	Paris	C	12	54	Valencia	S	17	63
Budapest	C	9	48	Las Palmas	S	19	66	Prague	C	10	50	Venice	F	4	39
B. Aires	F	31	88	Lima	F	29	84	Reykjavik	Sn	−5	23	Vienna	C	14	57
Cairo	C	15	59	Lisbon	S	14	57	Rio de J'o	F	35	95	Warsaw	C	10	50
Cape Town	—	—	—	Locarno	F	11	52	Rome	S	12	54	Zurich	C	9	48
Caracas	F	28	82	London	C	13	55								
Casablanca	S	15	59	Los Angeles	R	13	55								
Copenhagen	C	9	48	Luxembourg	C	10	50								
Corfu	S	14	57	Madrid	S	11	52								
Dublin	C	11	52	Majorca	S	16	61								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Gulf producers to delay cut

Continued from Page 1

what out of line with its allies in the region.

Dr Mana Said al-Oteiba, the UAE Oil Minister, said on Abu Dhabi television on Wednesday that in the next few days, the Gulf states might have to resort to the "last medicine" to cure the current market situation.

Oil buyers in the region, meanwhile, are keeping a close eye on Oman, which is facing heavy pressure from its customers to cut prices by as much as $4 per barrel. It seemed recently on the verge of cracking.

French concern over Airbus

Continued from Page 1

have been singled out for blame because of general reticence among financiers after problems with loans to AEG-Telefunken and eastern Europe.

Warning that stocks of unsold aircraft were likely to rise, Gen Mitterrand said production could have to be throttled back. At the end of 1981, he recalled, output was planned to rise to eight aircraft a month in 1984 and 8.6 in 1985.

Of the A-320 project, Gen Mitterrand said financing difficulties could slow the development of the new programme.

THE LEX COLUMN

Fitch tots up a defence

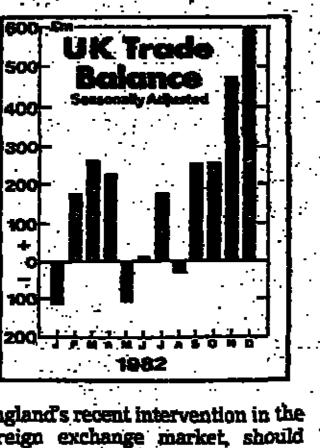
Fitch Lovell fired off another Salvo in its counter-attack against the Linfood bid yesterday by generating a 43 per cent upswing in pre-tax profits for the half-year to October. At $6m, the pre-tax figure is £380,000 higher than the forecast in last October's defence document, produced before the battle became bogged down in the no-man's-land of Monopolies Mergers Commission investigation and lawyer's writs.

Fitch is being coy about its second-half performance, but it has given an aggressive enough pointer by lifting its interim dividend 46 per cent, while promising at least a 25 per cent increase of the year.

The figures gave the shares another 6p up lift to 124p – some 36p higher than before the Linfood bid. At this level, 4p over the offer price, there is probably a substantial amount of money riding on a renewed charge from Linfood. Fitch can fairly point to a big improvement in its trading performance, but there must be doubts over whether it can easily repeat such an exceptional advance – about 80 per cent excluding property gains.

The big jump in the first six months came from the manufacturing and wholesale divisions, where the group's investment in recent years is paying off in useful productivity and volume gains. Substantial losses were also cut out of the wholesale businesses. But in the centre Key Market Fitch's stores, net margins are still wafer-thin at a little over 1 per cent, and the established outlets failed to achieve any volume advance.

The group argues that it is having to bear the cost of streamlining its network into a much smaller number of larger units; the question is whether it will get the time to complete the process.



Trade figures

Neither the foreign exchange nor the government securities market was much impressed by yesterday's current account figures for December which, given all the worry about import pressure in the period before Christmas, look remarkably strong. The £668m surplus on the oil account is ancient history by now but the really surprising feature is the very small deficit on the non-oil trade account.

Since the consumer spending boom is now well quantified, the figures presumably reflect wholesale destocking by manufacturing industry. This, together with the Bank of England's recent intervention in the foreign exchange market, should produce some very respectable bank lending figures for January. The next, and more troublesome, question is whether this happy state of affaires will be followed by a deterioration of the current account, as imports march in, or by a rise in manufacturers' credit demand, as orders flow in to domestic producers and working capital pressures revive.

Xerox Corp

The fourth-quarter figures from Xerox Corporation confirm the impression provided by Rank Xerox earlier this week of a fierce squeeze on office equipment margins. Net income has halved to $53.7m in the final three months and the group warns that profits will remain under pressure in the current year.

All this will be cold comfort to the Rank Organisation – the minority shareholder in Rank Xerox – dependent as it is on RX income to fund its own dividend and now under the impatient scrutiny of institutional shareholders. RX reduced staff numbers by about 1,500 last year, at an above-the-line cost of £9m, but this will probably be insufficient in the current year to offset the simultaneous impact of a deceleration in sales of copy per machine, a dull level of rental conversions and a steep rise in revenue costs on its new line of copier-duplicator machines.

Wall Street

The U.S. Treasury's latest helping of debt, spooned up to the bond markets on Wednesday evening, caused a grimace or two on Wall Street – suggesting that investors may suffer a little indigestion from the 10 and 30-year bonds on offer. But of greater concern is the next stage of the gargantuan deficit financing and the possibility of a clash in the market between Federal and corporate borrowing needs.

Only $8.7bn of next week's $14.5bn represents new cash, lifting the total so far this quarter to $18.6bn but leaving $42.9bn still to be found. The Treasury has indicated that this will mean a new five year note in March as well as additions to existing short term issues and, quite possibly, some cash management bills for good measure.

The private sector's debt needs are less predictable but there is already evidence that the economy's recovery, unlike that of 1975-6, is going to be accompanied by a rapid growth in corporate borrowing to help rebuild historically low inventories. Business loans, as measured by the St. Louis Federal Reserve, rose from $212.9bn to $216.2bn in the first week of January and stood at $215.5bn in the second.

A further increase in business loan demand could produce a flurry of activity on the corporate debt market as treasurers, who have already seen long-term rates climb by half a percentage point since late October, try to refinance their short-term debt before rates rise any further.

If so, March could prove a testing time for the markets. By that stage, given evidence of real economic growth, the Federal Reserve might be more anxious to counter January's apparent surge in M2 than to cool an overheating debt market.

Smith Bros

The six months to October have treated Smith Bros kindly enough for the dividend, which was cut after last year's interim loss, to be fully restored. But Smith's absence from the gilt-edged pitches has still left it dragging behind the biggest jobbers and pre-tax profits of £811,000 represent hardly any progress on the previous half year.

The third quarter should have shown a decent advance, with business in Australian and gold stocks picking up strongly, and the U.S. subsidiary could be turning round. But Smith must feel a little constrained by its balance sheet in diversifying much further across the Atlantic and it would not be surprising to see the company picking up a slug of outside equity sometime this year.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, B.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: John Davies, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday January 28 1983

Hard-hit U.S. banks may face worse times ahead

BY PAUL TAYLOR IN NEW YORK

U.S. BANKERS have many reasons for wanting to forget 1982, which saw problems pile up at home and abroad. The resulting write-offs trimmed full-year profit growth to its lowest rate in six years – to 5.4 per cent for the 100 largest banks, from 11.1 per cent in 1981.

Fourth-quarter earnings were probably better than expected, with the total for the top 100 banks declining by only 0.2 per cent following an 8.6 per cent decline in the second quarter.

Admittedly, comparisons were clouded by a strong 1981 final quarter when earnings increased by an average 22.4 per cent. The latest figures, however, mask some startling realities and some, like Salomon Brothers, are warning that the worst may still be to come.

Some banks suffered last year from the collapse of domestic financial institutions such as Penn Square Bank in Oklahoma and Drysdale Government Securities. Hardest hit were Continental Illinois, Chase Manhattan and Seafirst.

Few of the U.S.'s 14,000 banks, however, escaped the wider problems of international borrowers such as Mexico and Argentina or, at home, the impact of the recession on industrial clients.

Non-performing loans rocketed and even though many of them may again earn interest, banks were forced to set aside significantly larger loan loss reserves. Most banks weathered the liquidity problems of less developed countries (LDCs) fairly well.

But there is continuing confusion within the industry over the treatment of problem loans overseas, with banks using differing accounting methods to handle them.

Some banks have placed private-sector interest payments from Mexico and Argentina, which are being paid into local escrow accounts, on a non-accrual basis. Several banks appear to have written off part of their overseas private-sector loans, particularly to Mexico's Grupo Industrial Alfa, but most, with the exception of Citicorp, have dodged the issue of whether these loans should be placed in a non-performing category. Citicorp, which is believed to have the largest exposure to Latin America, placed its Mexican private-sector debt in a non-performing status. This helped push its non-performing loans to \$1.7bn, or 1.9 per cent of total loans, from \$1.1bn or 1.3 per cent, at the end of 1981.

The confusion over how to treat sovereign lending to troubled LDC's seems at least as acute.

This could be clarified in banks' annual reports, following the Securities and Exchange Commission's decision to tighten up its new disclosure requirement. In particular, banks must report reschedulings, together with the treatment of foreign debt.

This should provide information which the Commission's earlier vaguely worded directive failed to elicit. It is also likely to meet with a similar hostile response from bankers, eager to shore up shaky regional confidence in LDC lending and keep the flow of funds moving to troubled developing nations.

While a few banks shored up their own profits picture with equity swaps and property sales in the fourth quarter, to offset substantially higher loan loss provisions, the results would have been considerably worse had it not been for the steep short-term interest rate decline in the second half.

This helped almost all the banks to boost the spread on their loans. J. P. Morgan, for example, reported that net yield improved to 2.89 per cent in 1982 from 2.43 per cent in 1981 – as the average paid on interest bearing liabilities declined faster than the average earned on interest-earning assets.

Nevertheless, some industry analysts and banks, like Bank America, are already sounding the alarm about the impact of the new, high-yielding current accounts, introduced by the barks in mid-December and January.

Like Salomon Brothers, BankAmerica warned that new accounts were pushing up the cost of bank funds and eroding net yields. BankAmerica said its fourth-quarter results, which showed a 13.3 per cent decline, had been "significantly affected" by the new accounts, the full effect of which will not be shown until the end of the current quarter.

The debut of the new accounts is also likely to increase pressure for further bank deregulation. The impact of that process can already be seen in changes in the bank assets league table. Citicorp toppled BankAmerica as number one in assets, helped by the purchase of a California savings and loans association and its strategic investment in retail banking. Similarly, Security Pacific, which is moving aggressively into the discount brokerage business, moved up to 10th largest Bank in the U.S.

Predictably, the biggest loser of the year was Continental Illinois, the Chicago bank which bought an ill-fated \$1bn in energy loans from Penn Square. Despite evidence of a partial recovery in the third and fourth quarters from the terrible second quarter, the bank slipped one position to seventh as its balance sheet shrank from \$47m to \$43m.

Chase Manhattan, the New York bank which was hit by both Penn Square and Drysdale, also suffered, although it easly retains its position as the third largest bank in the U.S.

Chase lost \$117m after tax on Drysdale and a further \$300m of Mexican and Argentine loans on a non-accrual basis in the fourth quarter, which cost it \$8m in after-tax earnings. But for these events, the bank's results would have shown an improvement, with interest income up 12 per cent and non-interest income up 11 per cent.

Seafirst, parent of Seattle First National, was also badly shaken by the Penn Square collapse and after a house-cleaning operation announced a \$90.2m net operating loss for the year while arranging a \$1.5bn protective emergency line of credit with other major U.S. banks.

Bank share prices have recovered somewhat from the lows they reached last August, as the full extent of the second-quarter losses became apparent and international liquidity fears prompted a flight to safety.

Nevertheless, most money-centre bank shares have traded down over the past few months and are currently selling at only about 80 per cent of the price/earnings, multiple of the Standard and Poor's 500, against 90 per cent three months ago.

In addition, many Wall Street stockbrokers have recently revised downwards their opinions on bank stocks, citing in the main fears about the likely impact of problem loans on bank earnings, together with the new money market accounts.

One Wall Street investment house said 1982 "was quite memorable for bankers and bank stock investors." That was probably an understatement.

UNITED STATES BANKS – RANK BY ASSETS

	4th quarter net profit 1982 \$m	% change over 1981	Full year net profit 1982 \$m	% change over 1981	Non-performing loans as % of total loans 1982	1981	Loan loss reserve as % of loans 1982	% return on assets 1982	% return on equity 1982
1. Citicorp	190.0	– 12	747.0	+35	1.89	1.3	0.88	0.61	16.4
2. BankAmerica	73.4	– 13.3	419.6	– 5.8	3.6	2.2	0.9	0.39	9.9
3. Chase Man.	108.0	– 30	332.0	–25	2.88	1.9	1.01	0.43	16.7
4. Mgfs. Hanover	85.1	+ 20	296.3	+15	★	1.6	0.81	0.54	13.5
5. J.P. Morgan	129.4	+ 5	441.7	+16	1.47	1.43	1.1	0.78	17.4
6. Chemical NY	80.0	+ 39	269.0	+25	2.4	1.8	1.03	0.6	15.3
7. Continental	41.3	– 43	84.4	–67	5.6	1.9	1.11	0.18	4.9
8. First Inter.	57.0	– 10	228.1	– 7.3	5.0	2.0	1.2	0.6	13.6
9. Bankers Trust	57.3	+ 0.3	228.5	+19	2.1	2.1	1.1	0.6	15.8
10. Sec. Pacific	68.5	+ 28.8	234.1	+13	2.73	1.53	1.13	0.7	16.8
11. First Chicago	41.8	+ 15	144.0	+18	3.79	2.74	0.9	0.4	10.7
12. Crocker	17.3	+290	71.1	+14.3	4.79	3.0	0.9	0.28	★

★ Not available

Belgian group in recovery

By Giles Merritt in Brussels

GROUPE Bruxelles Lambert, the major Belgian holding company, has announced a strong profits turnaround, with unconsolidated net income for the nine months to last December 31 amounting to BFr 876m (\$18.4m).

The nine month results, which are the result of GBL's decision to change its reporting period to the calender year from the fiscal year beginning April 1, mark a strong recovery from the BFr 469m losses declared by the group for 1981/82.

GBL's return to profitability, and its decision to propose a net dividend lift to BFr 65 per share from BFr 55, reflects two major capital increases that have raised a total BFr 4.4bn. It also results from a series of deals in which GBL has reduced its stake in the Banque Bruxelles Lambert from 46 per cent to 20 per cent and raised some BFr 2bn.

In all, GBL is understood to have realised some BFr 7.5bn since early 1982, when a consortium led by Belgian industrialist, M Albert Frere, gained a one third stake in the group by mounting a BFr 2.6bn rescue bid for the loss-making holding company.

Sohio, Gulf and Sun report lower earnings for 1982

BY PAUL BETTS IN NEW YORK

STANDARD OIL of Ohio (Sohio), the large Alaskan oil producer, 53 per cent owned by British Petroleum, reported lower fourth quarter and annual earnings and a hefty \$188.6m loss in metals and mining operations for 1982.

Sohio's latest quarter earnings totalled \$464m, compared with \$478m in the final quarter of last year. Earnings for 1982 totalled \$1.88bn compared with \$1.95bn in 1981. Revenues amounted to \$3.2bn in the last quarter compared with \$3.8bn in the same 1981 period and \$13.5bn for 1982, compared with \$14.1bn in 1981.

With the exception of oil refining and marketing, and coal, all the company's businesses reported lower operating results. Sohio, which acquired Kennecott in 1981, saw its mining and metals losses swell to \$188.6m in 1982, although in the final quarter, this sector lost \$46.3m, less than the \$53.3m it lost in the same 1981 period.

Sohio's Alaskan crude oil production also declined. In the fourth quarter, average Alaskan production was 589,900 barrels a day (b/d), compared with 696,700 b/d in the final quarter of 1981. This sharp reduction results from the redetermination of participating interests in the Prudhoe Bay oil field in Alaska.

Gulf Oil, the sixth largest U.S. oil company, also reported in line with the general trend lower earnings yesterday. Earnings last year were down 27 per cent at \$900m compared with the \$1.23bn earned in 1981. In the final quarter, earnings fell 25 per cent to \$226m from \$301m the year before.

Total revenues rose fractionally to \$30.88bn in 1982 compared with \$30.46bn in 1981, while fourth quarter revenues rose 3 per cent to \$8.16bn compared with \$7.94bn in the year before quarter.

But Sun, another major U.S. oil company, reported fourth quarter net profits of \$151m, or \$1.26 a share, against \$448m, or \$3.70. The year earlier figure, however, included a net gain of \$299m from the sale of assets. Revenues fell to \$4.1bn from \$4.5bn.

For the full year net profits were \$537m, or \$4.49, against \$1.08bn, or \$8.85, which included a \$434m gain from asset sales.

U.S. group profits fall

BY OUR NEW YORK STAFF

INGERSOLL-RAND, the U.S. mechanical engineering group, yesterday reported a dramatic decline in fourth quarter and full year earnings blaming continued depressed conditions in practically all its markets.

The company did manage to return to profitability in the fourth quarter, however, after its third quarter \$3.2m net loss. For the final quarter, Ingersoll-Rand reported net earnings of \$4m or 13 cents a share compared with \$68.9m, or \$3.43 a share, in the same period in 1981 on sales which plunged 31 per cent to \$659m compared with \$961.5m.

For the full year net profits fell to \$52.3m or \$2.35 a share compared to with record net income of \$193.3m or \$9.71 a share in 1981. Sales for the year fell 18 per cent to \$2.775bn from \$3.3878bn.

The company, which has reduced employment by 26 per cent to 34,800 in the past year, said engineering equipment sales fell 10 per cent, sales from the bearings locks and tool division fell 18 per cent and standard machinery sales by 24 per cent.

Xerox income down 46% in quarter

BY PAUL TAYLOR IN NEW YORK

XEROX, the U.S. office equipment manufacturer, yesterday reported a further sharp decline in fourth quarter and full-year operating and net profits. The earnings drop largely reflects the costs of a reduction in the company's workforce, coupled with the impact of lower revenues, fierce price competition and the strong dollar.

Fourth quarter net income was down 46 per cent to \$53.7m, or 63 cents a share on operating revenues of \$2.211bn. This compared with net income of \$100.1m, or \$1.18 a share, on revenues of \$2.235bn in the same period last year. The earnings decline represents a further acceleration of the profits slide last year and was steeper than industry experts expected.

The company said fourth quarter results were particularly hit by the devaluation of the Mexican peso and special charges resulting from the company's programme to reduce its workforce.

Since mid-1981 Xerox has reduced its worldwide workforce by 12,250, including 9,500 last year, leading to incremental charges of \$100m in 1982, more than half of which was incurred in the fourth quarter when 4,700 employees were made redundant.

For the full year, net income fell by 29 per cent to \$423.7m or \$5 a share, from \$598.2m, or \$7.08, while operating revenues dipped 1 per cent to \$8.456bn from \$8.510bn.

Xerox said that excluding the results of the company's former Wui Inc. subsidiary, which was sold in June to MCI for about \$185m, resulting in a one-time gain of \$45m, operating income fell to \$367.7m, or \$4.34 a share, from \$572.3m, or \$6.77, a decline of 36 per cent.

Rail group earnings fall

UNION PACIFIC, which recently merged with Missouri Pacific and Western Pacific to form one of the U.S.'s largest railways, has reported a sharp fall in earnings because of the depressed state of the U.S. economy.

Net profits in the three months ended December were \$80m, or 82 cents a share, compared with \$126m, or \$1.31, a year earlier. Revenues were \$1.51bn against \$1.6bn in 1981.

This brought full year net profits to \$326.8m, or \$3.38, compared with \$410.7m, or \$4.27, on revenues of \$5.87bn against \$6.38bn in 1981. All results exclude those of Missouri Pacific and Western Pacific.

The company earns about half its profits from non-railway activities such as mining, oil and gas production and real estate.

Dominion Textile slips back at interim stage

BY ROBERT GIBBENS IN MONTREAL

DOMINION TEXTILE Inc., Canada's largest primary textile group, which also has major operations in U.S. and Europe, earned C\$3.4m (U.S\$2.7m) or 20 cents a share, in the first half, ended December 31, against C\$6.9m, or 46 cents, a year earlier. Sales were C\$381m against C\$399m.

Profit of C\$5m in the second quarter, compared with C\$5.3m a year earlier, more than made up a loss for the first quarter, when Domtex earnings are normally at their lowest. The company said orders and shipments picked up well and cost cutting measures paid off. Interest burden was lowered.

However a sustained return of consumer confidence was needed to bring the group back to pre-recession earnings levels. A 10-year C\$40m private placement of sinking fund debentures had been completed.

Celanese Canada, the major fibre, fabrics and energy group, posted a net loss of C\$5.5m for all 1982, against net income of C\$20.4m or C\$1.47 a share in 1981, excluding special items. Sales were C\$323m against C\$373m. During the year, the company sold its carpet making operations in Quebec. Textile products were hit by depressed prices, higher energy and material costs.

Operations improved in the fourth quarter and an improving trend is seen for 1983. Celanese has just started up a new world-scale methanol plant in Alberta, jointly owned with its U.S. parent and PanCanadian Petroleum.

TWA stake to be sold off

BY OUR NEW YORK STAFF

TRANS WORLD Corporation, the holding company for Trans World Airlines (TWA), plans to sell a 20 per cent stake in its wholly-owned subsidiary.

Trans World, which also owns the Hilton International hotel chain, said a majority of the new shares would be issued by TWA with the balance coming from Trans World's holdings. No indication was given of what the issue is expected to raise, but a registration statement will shortly be filed covering the proposed offering with the Securities and Exchange Commission.

Mr L. Edwin Smart, Trans World's chairman said: "The offering would establish a significant new source of capital for TWA. At the same time it would be an important further step in Trans World's long-standing programme to improve the balance among its consumer orientated business interests."

Trans World also reported preliminary net earnings of \$36.9m for 1982, before minority interest of \$1m, down \$5.3m from 1981's profit of \$42.2m before a \$19.3m extraordinary gain.

Consolidated revenues for 1982 reached \$5.11bn, 3 per cent down on the previous year. Operating expenses fell 0.3 per cent to \$5.09bn, producing an operating profit of \$21.7m, compared with \$137.2m.

The company's four non-airline divisions reported an \$11.5m drop in pre-tax earnings in 1982 to \$123.6m. Its food service businesses reported record profits while hotel and property service division had lower profits and TWA's loss increased.

TWA recorded a \$44.5m pre-tax loss for 1982, against a \$28.3m loss for 1981.

● United Airlines, the largest U.S. domestic carrier, reports operating losses in both the final quarter and full year which it blames on recession and airline ticket price wars.

Gains on the sale of tax credits and other special items, however, lifted the airline's net profits to \$39.1m and full year earnings to \$2.2m.

These special items also enabled UAL Inc., the parent company which also has hotel and other interests, to lift net earnings to \$30.8m, or \$1.03 a share, for the year. In 1981, there was a \$70.5m loss. Profits for the final quarter were \$52.8m, or \$1.76, which compared with a \$65m loss in 1981.

The sharp improvement largely reflected a \$19.8m, or 67 cents, gain from the purchase of outstanding notes, together with the sale of \$123.6m in tax credits and a \$21m extraordinary income tax credit during the year.

The holding company reported consolidated operating revenues of \$5.32bn for the year and \$1.28bn for the quarter and operating expenses of \$5.33bn for the year and \$1.33bn for the quarter. This produced operating losses of \$9.4m for the year and \$52.3m for the quarter.

INTL. COMPANIES & FINANCE

Kuwait lifts aid for Souq victims

BY PATRICK COCKBURN AND ALAN FRIEDMAN IN KUWAIT

THE KUWAIT Government is expected to double the size of a special KD500m ($1.7bn) fund to compensate small investors caught by the collapse last summer of the Souq Al Manakh, the country's unofficial stock market, said Mr Jasem Khalid Al Marzouk, the Minister of Commerce and Industry, yesterday.

The fund would then reach a total of KD1bn, bringing the Government's contemplated expenditure on bailing out the Souq Al Manakh to KD2bn.

The Minister said he expected the full KD1bn to be disbursed over six years, with around half the total being paid out this year. Kuwait's National Assembly approved the establishment of the fund last October in order to help investors with individual liabilities of up to KD2m.

These investors form the bulk of a group of 6,000 Kuwaitis who participated in the Souq Al Manakh, which involved the purchase of shares on the unofficial market with post-dated cheques valued in total at KD27bn.

The cheques were used to buy shares at a substantial premium on the expectation that they would appreciate before payment was due. At least eight of the biggest investors, who account for about two-thirds of the KD27bn, have been referred for prosecution by the government.

Mr Al-Marzouk said he also expected the Government to make available an additional Kd 500m for investors wishing to settle their debts by borrowing, through government financed bridging loans. Senior Kuwaiti officials have said privately they do not expect to see such loans repaid in future.

The Minister added that another step the Government was considering to help solve the post-dated cheque crisis was a direct purchase of around Kd 500m worth of shares on the stock exchange, a move designed to support the market, inject liquidity and increase government holdings. The Government is now estimated to own more than 40 per cent of the shares on the market.

The Government is also discussing the establishment of an independent supervisory body for the official stock market. Mr Al-Marzouk said that once this was set up the companies whose shares had been traded on the Souq al Manakh would be asked to present accounts and other documents which, if accepted, could make them eligible for a quotation on the official market.

Onl six of the Souq companies are likely to be quoted on the official market. Many of the other companies are understood to have been formed offshore solely for share trading and did not engage in any genuine business activity.

One additional step Mr Al-Marzouk said he personally favoured was a change in Kuwait's bankruptcy laws to enable the settlement of the Kd 27bn debt mountain through private agreements on a formula for discounting the value of the cheques. Kuwait's present stated policy, however, is that there will be no change in any of the bankruptcy laws.

At present these laws stipulate that any person who is declared bankrupt can immediately call in all of his debtors, who in turn could then face bankruptcy. Many leaders of Kuwait's financial community fear this would lead to a knock-on wave of bankruptcies which would damage the economy.

Poor result for Sanyo Electric

BY YOKO SHIBATA IN TOKYO

SANYO ELECTRIC, Japan's major integrated manufacturer of electric and electronic appliances reports worse than expected earnings in the fiscal year ended November 30, 1982.

Poor sales of audio equipment and other consumer electrical goods saw Sanyo Electric's parent company operating profits rise by only 0.8 per cent to reach Y44bn ($186m) against a target of Y54bn. Unconsolidated net profits reached Y24.7bn, up 3.1 per cent from the previous year but short of the earlier forecasts of Y27.8bn.

Full-year sales were Y761bn, up 1.1 per cent, compared with estimates of Y870bn. Profits per share for the year were Y26.5, against Y25.5 previously.

Sales in the consumer electronics sector, including VTRs, colour TVs and office automation equipment, grew by only 0.8 per cent, to account for 53.5 per cent of total turnover, reflecting slack demand for TV and audio equipments. Sales of electric household appliances fell by 5.3 per cent to account for 27.6 per cent of the total. Falling sales of seasonal goods such as air-conditioning equipment and refrigerators particularly affected this sector.

Sales of commercial electrical products rose 11.4 per cent to account for 8.5 per cent of the total sales. Reflecting a growth in sales of kerosine stoves to the U.S., the oil and gas heater section sales rose by 25.7 per cent to account for 6.1 per cent of total turnover.

Exports were 2.5 per cent higher, accounting for 56.1 per cent of the total, while domestic sales declined by 0.4 per cent against the previous year.

Poor sales of audio equipment and seasonal goods saw the cost-to-sales ratio deteriorate by 2.2 per cent. However, the company managed to offset this by higher non-operating income, such as technical guidance fees.

In the current fiscal year, ending November 1983, the company aims to boost its sales by 10.3 per cent to Y840bn, with the stress being on office automation equipment. Unconsolidated operating profits are forecast as rising by 5.4 per cent to Y46.5bn. Net profits should reach Y26bn, up 5.3 per cent. Capital investments, centreing on industrial robots are projected at Y45bn, against Y35.2bn.

● The Japanese Finance Ministry has told Japanese banks that it will increase yen-denominated certificate of deposit (CD) issue quotas in quarterly stages to 75 per cent of each bank's equity capital from the present 50 per cent, Reuter reports from Tokyo.

The increase takes effect from February 1, with a 5 per cent increase each quarter, starting with the current January-March quarter.

CD issue quotas for foreign banks operating in Japan will be increased to 30 per cent of each bank's yen lending plus yen securities holdings, from the present 20 per cent, also from February 1.

The outstanding balance of the yen CD market in Japan totalled Y4,250bn at the end of 1982, comparable in size to the Gen-Saki Trading, a bond re-purchase market.

Escom seeks $550m power station financing

By Our Johannesburg Correspondent

ESCOM, South Africa's state-owned electricity utility, is close to finalising a US$550m financing package for its new 3,600 megawatt Majuba power station in eastern Transvaal. The financing is for the purchase of six 100 megawatt turbines from the General Electric Company of the UK with $350m in the form of export credits guaranteed by the ECGD.

More important, however, in terms of international credit rating, is the remaining $200m which is being raised through a syndicated loan put together by Hill Samuel. Until recently the longest loan-term a South African government corporation has been able to negotiate has been eight years. ESCOM's loan is for 10 years, which is seen as a major breakthrough for the country in international capital markets.

The first four years of the syndicated loan are at an interest rate of 0.75 per cent over the London interbank offered rate. The following four years are at 0.875 per cent over Libor and the final two at 1 per cent over Libor.

The ECGD-backed credit is for 20 years. This equates the power station construction period plus 8½ years and is fairly standard for this type of project finance.

BBK shows record earnings

BY OUR BAHRAIN CORRESPONDENT

THE Bank of Bahrain and Kuwait (BBK) has come out top among Bahrain's three domestic banks which showed record earnings for 1982—with the announcement of Bd 30.1m ($89.3m) of total income, up from Bd 6.7m the year before.

More than half the increase (Bd 16.7m) was "exceptional income" from handling local share issues in early 1982, when the Gulf stock market euphoria was at its height.

All three banks, including the oldest, the National Bank of Bahrain and the smallest, Al Ahli Commercial, did a large volume of short-term lending to cover share purchases on four heavily oversubscribed issues. Maximum charges allowed were 2 per cent over Bahrain Monetary Agency recommended rates. All the banks will report record dividends this year, although this windfall is not expected to be repeated in 1983.

BBK's ordinary income also increased, by 107 per cent from Bd 6.3m to Bd 13m.

A shareholder's dividend of 70 per cent has been recommended by the board with 20 per cent in cash and a one-for-two bonus share issue. This will increase paid up capital from Bd 20m to Bd 30.9m and shareholder's equity will go up from Bd 65.5m to Bd 84m.

Total assets have grown from Bd 586m to Bd 854m, an increase of 45.7 per cent. Loans and advances grew 41.8 per cent to Bd 448m, and accounted for the bulk of the increase in ordinary income.

The figures are consolidated from the Bahrain and Kuwait operations of the bank and an affiliate, 49 per cent owned by BBK in Oman, which this year contributed BD 377,400 to the parent's income.

BBK was formed 11 years ago by a group of Kuwait and Bahrain investors. It is publicly owned and the bank's largest operation is in Bahrain.

Major activities during the year were the purchase of a site in central Manama for a multi-storey headquarters, and equity participation in Alubaf Arab International Bank. It also arranged some major loans, including a $200m deal for the Bahrain Kuwait Investment Group, one of the new pan-Gulf public shareholding companies formed in Bahrain last year.

First-half profits dip for Everite

By Our Johannesburg Correspondent

EVERITE, THE asbestos, cement, construction and plastics concern, which is 33 per cent-owned by the Eternit Group of Switzerland, suffered from a slowdown in business activity in the six months ended December 31 1982.

First-half sales volumes were lower though turnover in value rose to R81.9m ($77m) from R79.7m in the corresponding period of 1981 and against R164.6m in the year ended June 30 1982.

Operating income before tax was R17.6m against the previous financial year's interim figure of R18.6m and R32.4m for the last financial year.

The directors warn, however, trading conditions have become more competitive with a consequent reduction in profit margins. No early improvement is foreseen and the board says that a further profit reduction is possible during the current six months.

On this basis, however, the directors expect the dividend to be maintained at last year's level. An unchanged interim dividend of 17 cents has been declared, though first-half earnings per share calculated on a Lifo (last in first out) accounting basis fell to 42.1 cents from 43.8 cents.

In the year ended June 30 1982, earnings were 80.8 cents a share and a total dividend of 50 cents a share was paid.

Mobil in talks on Philippine disposal

By Emilia Tagaza in Manila

MOBIL OIL is trying to sell part of its Philippine operations to Caltex Petroleum. Mr Jean Pierre Bailleux, head of Mobil Oil Philippines, said that discussions have been held outside the country with Caltex but that as yet no firm agreement has been reached.

Negotiations with Caltex involve only the company's marketing operations. No negotiations for the sale of Mobil's refining interest in the country are known to be taking place. Mobil has a 40 per cent share in Bataan Refining, the country's largest oil refinery, which is run by the state-owned Philippine National Oil Company.

Mobil Philippines' assets have been estimated to have a book value of Pesos 137m ($14m). The company estimates 1982 net profit to be Pesos 30m.

Darling buys Magnum stake in Group Five

BY OUR JOHANNESBURG CORRESPONDENT

GROUP FIVE ENGINEERING, the South African construction company, has been effectively taken over by Darling and Hodgson, the construction group which helped it resist the now bankrupt Magnum Group's move to acquire control last December.

With the Magnum affair still in the hands of the liquidator, the 28 per cent shareholding in Group Five it had managed to build up during its takeover bid has been bought by Darling. Magnum's stake had passed over to Union Acceptances, the merchant arm of Nedbank, as security for a loan, and it is these shares that have now been bought by Darling, at R3 ($2.82) a piece.

The 2.48m shares bought by Darling and Hodgson lift its interest in Group Five to 48 per cent.

Minority shareholders have been told that Darling is prepared to pay 300 cents for each of their shares on the Johannesburg stock exchange for a period of three weeks. A group of shareholders, which includes Group Five's management and which owns 30 per cent of the construction company's equity, has said that it will not be accepting the offer.

Darling and Hodgson, which is a 61 per cent-owned subsidiary of Gencor, the mining house, reported a turnover of R251m and a pre-tax trading profit of R13.6m in the first half-year ended June 30, 1982.

In its last financial period, the eight months ended August 31 1982, Group Five earned a pre-tax profit of R6.5m.

Until the liquidation of the Magnum Group is completed Union Acceptances has to place the R7.4m it has received for the Group Five shares at the disposal of the liquidators.

Leadership in Mergers and Acquisitions: Number 1

Acquiring Companies	Acquired or Divesting Companies	Assignment or Form of Transaction	Approximate Size of Transaction
United States Steel Corporation	**Marathon Oil Company**	Cash Tender Offer followed by Merger for Notes	$6,264,000,000
Occidental Petroleum Corporation	**Cities Service Company**	Cash Tender Offer followed by Merger for Preferred Stock and Notes	4,050,000,000**
Allied Corporation	**The Bendix Corporation***	Bendix Purchase of 65.6% Interest in Martin Marietta Corporation for $1,150,000,000; Martin Marietta Purchase of 50% Interest in Bendix for $893,000,000; Allied Acquisition of Bendix Shares Acquired by Martin Marietta; Allied Merger with Bendix for Common Stock, Preferred Stock and Notes	1,859,000,000
Xerox Corporation	**Crum and Forster**	Merger for Cash, Common Stock and Preferred Stock	1,637,000,000
American General Corporation	NLT Corporation	Merger for Cash and Fixed Income Securities	1,494,000,000
Union Pacific Corporation	Missouri Pacific Corporation	Merger for Common Stock and Preferred Stock	1,000,000,000
Allied Corporation and The Continental Group, Inc.	Supron Energy Corporation	Cash Tender Offer followed by Formation of Joint Venture	777,000,000
McDermott International, Inc.	**McDermott Incorporated***	Common Stock Exchange Offer	696,000,000
Mesa Petroleum Co.	**General American Oil Company of Texas***	Cash Tender Offer (Subsequent $1,142,000,000 Merger with Phillips Petroleum Company Pending)	520,000,000
Warner-Lambert Company	IMED Corporation	Merger for Cash	465,000,000
Chemical New York Corporation*	Florida National Banks of Florida, Inc.	Merger for Cash	374,000,000
Northwest Energy Company	**Cities Service Company**	Divestiture of Cities Service Gas Company	368,000,000
BATUS Inc., a Subsidiary of **B.A.T Industries p.l.c.**	Marshall Field & Company	Cash Tender Offer	365,000,000
"Winterthur" Swiss Insurance Company	Republic Financial Services, Inc.	Merger for Cash	320,000,000
General Foods Corporation	**Warner-Lambert Company**	Divestiture of Entenmann's, Inc.	315,000,000
Transamerica Corporation	**Fred. S. James & Co., Inc.**	Cash Tender Offer	302,000,000
National Distillers and Chemical Corporation*	Suburban Propane Gas Corporation	Open Market Purchases, Merger Proposal and Private Transaction followed by Cash Tender Offer	272,000,000
Cities Service Company	Mesa Petroleum Co.	Repurchase of Cities Service Company Common Stock for Cash	226,000,000
Aberford Resources Ltd.	**Marathon Oil Company**	Divestiture of Marathon Petroleum Canada Ltd. and Pan Ocean Oil Ltd.	200,000,000
Credit and Commerce American Holdings, N.V.	**Financial General Bankshares, Inc.**	Cash Tender Offer	184,000,000
Hoffmann-La Roche Inc.	Biomedical Reference Laboratories, Inc.	Merger for Cash	160,000,000
General Cinema Corporation	Heublein, Inc.	Purchase of 18.9% Interest through Open Market Purchases	157,000,000
PC Industries, Inc.	Criton Corporation	Cash Tender Offer	155,000,000
First Bank System, Inc.*	Banks of Iowa, Inc.	Merger for Cash	150,000,000
Interocean Steamship Corporation	**The LTV Corporation***	Divestiture of Lykes Bros. Steamship Corp.	150,000,000
National City Lines, Inc.	**The Amalgamated Sugar Company**	Cash Tender Offer	125,000,000
Mercantile Texas Corporation	PanNational Group Inc.	Merger for Common Stock	124,000,000
Standard Oil Company (Ohio)	**Republic Steel Corporation**	Divestiture of Kitt Energy Corporation and Certain Coal Properties	105,000,000
Meridian Express Company	**McLean Trucking Company**	Merger for Cash	101,000,000
Citizens and Southern Georgia Corporation*	Citizens and Southern Group banks	Mergers for Cash, Common Stock and Notes	93,000,000
Huntington Bancshares Incorporated	**Union Commerce Corporation***	Cash Tender Offer followed by Merger for Common Stock and Preferred Stock	90,000,000
The St. Paul Companies, Inc.	**City Investing Company**	Divestiture of Seaboard Surety Company	85,000,000
Borg-Warner Corporation	**Burns International Security Services, Inc.**	Cash Tender Offer	83,000,000
Builders Investment Group	**Knudsen Corporation***	Merger for Cash	78,000,000
Time Incorporated	**J.C. Penney Company, Inc.**	Divestiture of Great American Reserve Insurance Company	76,000,000
Taft Broadcasting Company*	General Cinema Corporation	Purchase of WCIX-TV Miami for Cash, Notes and Assets	70,000,000 & Assets
Witco Chemical Corporation	**The Richardson Company**	Cash Tender Offer	61,000,000
Agfa-Gevaert N.V., a Subsidiary of **Bayer AG**	Compugraphic Corporation	Purchase of 69% Interest through Cash Tender Offer and Newly Issued Shares	60,000,000
Communications Satellite Corporation	Amplica, Inc.	Merger for Cash	57,000,000
Control Data Corporation	**Centronics Data Computer Corp.**	Sale of 43% Interest for Cash and Assets	53,000,000
Fidelcor, Inc.*	Southeast National Bancshares of Pennsylvania, Inc.	Merger for Cash and Convertible Preferred Stock	51,000,000
Tricentrol PLC	Coral Petroleum, Inc.	Purchase of Certain Oil and Gas Properties for Notes and Convertible Preferred Stock	45,000,000
Amcon Group, Inc., a Subsidiary of **Consolidated Gold Fields Limited**	Newmont Mining Corporation	Increase in Ownership to 25.2% through Open Market Purchases	40,000,000
Amalgamated Distilled Products PLC	Barton Brands, Ltd.	Purchase of Assets for Cash	38,000,000
Nationwide Mutual Insurance Company	**Nationwide Corporation** and **Nationwide Life Insurance Company***	Merger for Cash	34,000,000
Virginia National Bankshares, Inc.	New Virginia Bancorporation	Merger for Cash	30,000,000
SCT Acquisition Corp.	**Standard-Coosa-Thatcher Company**	Merger for Cash	28,000,000
Union Pacific Corporation	The Western Pacific Company	Cash Tender Offer followed by Merger for Cash	28,000,000
Apex Oil Company	**Enterprise Development Group**	Merger for Cash	25,000,000
Cipher Data Products, Inc.	**Perkin Elmer Corporation**	Divestiture of Memory Products Division	20,000,000
Century Production Inc.	**Great Basins Petroleum Co.**	Divestiture of U.S. Oil and Gas Properties	17,000,000
M.I.M. Holdings Limited	ASARCO Incorporated	Increase in Ownership to 21% through Open Market Purchases	16,000,000
Buckbee-Mears Company	**Camelot Industries Corporation**	Cash Tender Offer	13,000,000
Alghanim Industries	Congoleum Corporation	Purchase of The Jobbers Supply Division for Cash	Undisclosed
Arkansas Best Corporation	Bright Industries, Inc.	Purchase of East Texas Motor Freight Lines, Inc. for Convertible Preferred Stock and Cash	Undisclosed
Curtain Investors, Inc., a Corporation Organized by First Boston, Inc. and Management of Hygiene Industries	Hygiene Industries, a Division of Nabisco Brands, Inc.	Leveraged Buyout	Undisclosed
Campbell Soup Company	Mrs. Paul's Kitchens Inc.	Purchase of Certain Assets	Undisclosed
DEKALB AgResearch, Inc.	Pfizer Inc.	Formation of Joint Venture	Undisclosed
Jardine, Matheson & Co., Limited	**The Prudential Insurance Company of America**	Divestiture of Bache Insurance Services, Inc.	Undisclosed
Johnson & Johnson	**Irex Corporation***	Merger for Common Stock	Undisclosed
Affiliates of Levingston Industries, Inc.	**Sun Company, Inc.**	Divestiture of Sun Ship, Inc.	Undisclosed
Lucas Industries, Inc.	Ledex Inc.	Merger for Cash	Undisclosed
Media News Corporation	**E.W. Scripps Company**	Divestiture of United Press International, Inc.	Undisclosed
Metropolitan Life Insurance Company*	State Street Research & Management Company	Merger for Cash	Undisclosed
New Colonial, Inc., a Corporation Organized by First Boston, Inc. and Management of Colonial Management Associates, Inc.	Colonial Management Associates, Inc., a Subsidiary of State Mutual Life Assurance Company of America	Leveraged Buyout	Undisclosed
Sun Life Assurance Company of Canada	Massachusetts Financial Services Company	Merger for Cash	Undisclosed
Sandoz United States, Inc., a Subsidiary of **Sandoz Ltd.***	Occidental Petroleum Corporation	Purchase of Zoecon Corporation	Undisclosed
Travelers Corporation	**Securities Settlement Corporation,** a Subsidiary of **Moseley, Hallgarten, Estabrook & Weeden Inc.**	Merger for Cash	Undisclosed
Wesray Corporation	**Aluminum Company of America**	Divestiture of Wear-Ever Aluminum, Inc. and Lincoln Manufacturing Company, Inc.	Undisclosed

The First Boston Corporation
Credit Suisse First Boston Limited

First Boston's clients are indicated by bold type. *Pending transaction **Newspaper estimate

INTL. COMPANIES & FINANCE

Richard Cowper reports on an Indonesian rags-to-riches career

Liem group seeks wider horizons

IN LITTLE over four decades, Mr Liem Sioe Liong, a first-generation Chinese immigrant, has built up a widely diversified Indonesian business empire which in terms of both turnover and profit rates as one of the largest privately owned conglomerates in South-East Asia

The past year or so has, even so, greatly enhanced Mr Liem's reputation as one of the country's most powerful enterpreneurs, and as the Taipan, or leader, of the Chinese business community in Indonesia.

Only this week it was announced that JF Special Holdings, the Hong Kong investment trust associated with Jardine Fleming, the merchant bank, planned to set up a subsidiary containing non-financial interests, control of which was to be bought by the First Pacific group, which is backed by the Liem family.

The deal, valuing the JFSH offshoot at US$12m, is associated with a move by the Liem family to acquire control of Hagemeyel, the Dutch trading group. The Liems are seeking 51 per cent of Hagemeyer at a price of some $17.5m.

This apart, Mr Liem has helped to wipe out his only competitor in the Indonesian flour milling business, going on to take over two Hong Kong companies, so laying the basis for a successful US$75m bid to acquire an 80 per cent stake in the Hibernia Bank of San Francisco, California's 12th largest bank, and has set in train a 6m tonne expansion of his Indonesian cement empire.

In addition, he has taken his group into new pastures with a major stake in a US$800m steel cold rolling mill, soon to be built in Indonesia.

This spate of activity by Indonesia's most influential, but not necessarily richest, businessman arises in a country in which he was neither born nor bred.

His rise to eminence in Indonesia's business community is a classic rags-to-riches story. He was born in 1918 in the South China province of Fukien and, at the age of 20—speaking not a word of English and apparently illiterate—he cut home ties to join his uncle and elder brother in the central Javanese town of Kudus, where he helped run a small trading company, based largely on peanut oil.

One of the most powerful businessmen in Indonesia is a Chinese immigrant, Mr Liem Sioe Liong (left). He has built up a family concern that ranks as one of the largest privately-owned conglomerates in South-East Asia. Few people, if any, however, know precisely the assets of the companies he controls

Liem's big break came in 1945-49 with Indonesia's waging war for independence from the Dutch. With the country split into Republican and Colonialist sectors, Liem saw the opportunities offered by a Republican army desperate for food, clothes, arms and medical supplies. Smuggling of commodities—notably sugar and cloves for the country's kretek cigarette industry — and Liem's deepening contacts with senior Indonesian military officers—became the keys to a fast expansion of his business empire.

His greatest stroke of luck, however, came when the Diponegoro army division set up its headquarters in Semarang, and Liem struck up a friendship with a young but up and coming Lieutenant Colonel. When that Lieutenant Colonel became President following an abortive coup attempt in 1965, Liem had known Suharto for 14 years, and a close bond of mutual trust and respect had grown up between the two.

In a country where the army is not only the main source of political power, but is also heavily involved in business, Liem's military contacts have been invaluable, and his position as friend and financial adviser to President Suharto has done much to raise his stature within both local and foreign business communities.

Today, Mr Liem Sioe Liong's assets are indeed enormous. Together with Indonesian partners like Djuhar Sutanto, the President's step-brother Sudwikatmono, and Liem's sons Anthony, Andre and Albert, the Liem group is believed to control more than 40 Indonesian and around a dozen foreign companies, with interests ranging from banking and finance to cement, trade, property, steel, textiles motor-vehicle assembly and flour milling.

The group's interests involve a spider's web of cross holdings and directorships. Mr Liem's empire is very much the product of a first generation capitalist within a potentially hostile environment.

There is widespread popular resentment of the small but powerful Chinese business community in Indonesia. Mr Liem and his group, therefore, go out of the way to maintain a low profile.

The result is that few people —if any—know just how much Mr Liem himself is worth, or precisely the assets or turnover of the companies he controls. Many senior Indonesian bankers and businessmen, however, believe that his group turns over in excess of US$1bn a year.

The strong growth of the group over the last decade and a half begs a number of important questions. The group is clearly still a family enterprise based on its founder Mr Liem Sioe Liong. As such, its Indonesian operations may be susceptible to political change.

Mr Liem is seen by some as being overdependent on his friends in the establishment. In a country where there is widespread resentment of rich Chinese, he could be a prime target if President Suharto were forced ot step down and a more nationalistic ruling military elite called the shots. Says one foreign banker: "Maybe that's why he's moving fast to diversify overseas."

In the short term, at least, the positions of both President Suharto and Mr Liem seem assured. Beyond 1988, however, by which time the President will have been in power for well over 20 years, the outlook becomes less certain. Even more difficult to assess is how the Liem group of companies is coping with the modern management demands which impose themselves on such a fast growing and diversified empire.

Mr Liem and his son Anthony who appears to be his chosen successor, seek to hold a tight rein over all the company's operations. But with more than 40 companies to oversee and the persistent demands of secrecy in a country where this is the rule rather than the exception, the Liem family faces difficulties in ensuring financial and management efficiency.

In the words of one Japanese businessman of long Indonesian experience: "Reconciling personal control with the demands of modern business management is always a problem for a family group, but for a first generation Chinese capitalist in Indonesia it can be a major headache."

With the successful bid for Hibernia Bank of California last year, and the avowed intention of investing in Europe, one thing seems clear: that Mr Liem Sioe Liong is intent on becoming in the near future an international business name with which to conjure.

•

Range of activities

THE GROUP interests include: **Flour Milling:** a 96 per cent stake in Bogasari flour mill which has a Government allocated monopoly on the industry in western Indonesia. This includes the island of Java, which with 90m inhabitants provides the country's main market for flour. Indonesia's national food agency, Bulog, exercises sole responsibility for importing the wheat, and selling the flour. The only operation which remains in private hands is flour milling. Through Bogasari's two big mills, the group produces around 90 per cent of the country's annual output of around 1.15m tonnes of flour. At the ex factory price paid by the Government, last year Bogasari's turnover was in the region of U.S.$225m.

In March last year, Berdikeri, an army-controlled company, bought out Mr Liem's only competitor, Prima for $31.5m. Prima had had the Government monopoly for eastern Indonesia. Day-to-day management of the company's 240,000 tonne capacity mill has been consigned to Bogasari flour milling. The Liem group therefore, now mills all the flour consumed by Indonesia's 157m people.

Cement: The most expensive of Mr Liem's expansionary activities over the past few years has, perhaps, been in Indonesia's fast-growing cement industry. His first cement plant at Cibinong, came on stream in 1975. Today, through a group of companies known as the Indocement group, Mr Liem operates five plants, lately producing over a third of Indonesia's total cement production.

Turnover from the five plants in 1982 is thought to have been approximately $275m.

Currently under construction or at advanced stages of planning are four more cement plants costing in excess of $850m. Together these plants should almost triple the group's current production to an estimated 9.4m tonnes by 1986.

As one of Asia's leading Chinese entrepreneurs, Mr Liem has had little problem in securing financing for the new plants. It appears that he has been able to raise international commercial loans of more than $250m, with a roughly similar amount coming in the form of export credits from France, Spain and Japan—the major suppliers of equipment for the four new plants.

Trade: Mr Liem's group owns at least five trading companies, in Indonesia, Singapore and Hong Kong. Through Mega he has a substantial share of Indonesia's $70m a year clove imports and his largest trading company, Waringin, of Singapore deals in a host of products and commodities. Informal estimates of turnover range upwards from $100m.

Property and development: The group's investments include a 500 hectare up-market residential development in Jakarta known as Pondok Indah. In addition, it has a substantial share in several multi-storey buildings including Jakarta's plushest hotel, the Mandarin.

Banking and finance: As Liem's empire has expanded and become more complex so have his financial needs. The Liem group has a majority stake in two Indonesian banks — Bank Central Asia with assets of around US$280m, the largest privately-owned bank in the country, and Bank Windu Kencana. It also has the largest stake (27.5 per cent) in a newly created finance house (Multicor) and a substantial interest in an Indonesian insurance company (Central Asia Insurance).

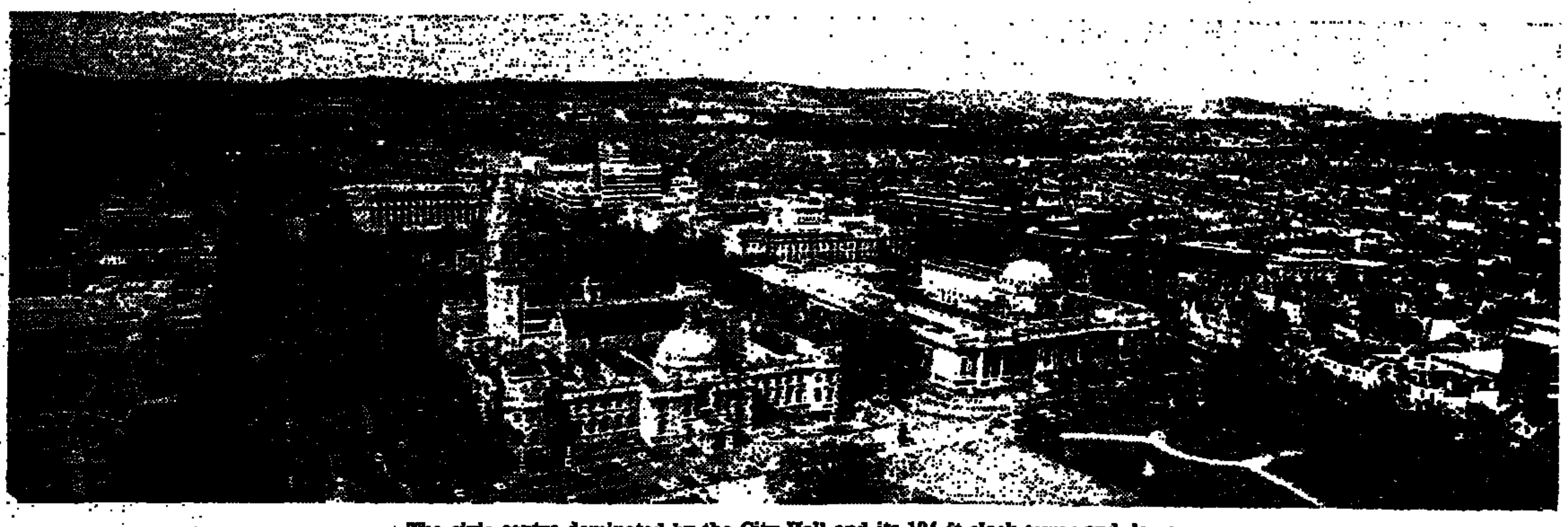
In California, the Hibernia Bank of San Francisco (80 per cent-owned) has 35 branches and assets of $900m.

FINANCIAL TIMES SPECIAL REPORT

BY ROBIN REEVES

CARDIFF

As the capital of Wales, Cardiff has several advantages over cities of similar size. Its academic and higher education institutions play an important role in encouraging industrial innovation, its offices and shops are the centre for a wide area and many of its cultural and sporting attractions reach international standards.



The civic centre dominated by the City Hall and its 194 ft clock tower and dome

"MANY PEOPLE still retain a very old-fashioned view of Cardiff. I think they expect to meet coalminers around every corner and see sheep wandering around St Mary's Street," Mr Philip Dunleavy, current Lord Mayor of Cardiff, commented ruefully the other day. To try to put things right, he launched a competition to produce a *Ballad of Cardiff* which reflects the city as it is today.

Capturing Cardiff's special flavour is never easy, even for a nation famous for its poets. Despite the importance of coal in the city's development, there are no coalmines and never have been. (To find them, you have to go further north.) Rather is Cardiff an intriguing mixture of capital city, provincial industrial town, cosmopolitan seaport and leafy suburb.

Its population of some 280,000 is relatively small by modern metropolitan standards. Yet because of its role as the national capital of Wales and regional centre for a large part of industrial South Wales, Cardiff enjoys the amenities and trappings of a far larger city.

Centrepiece

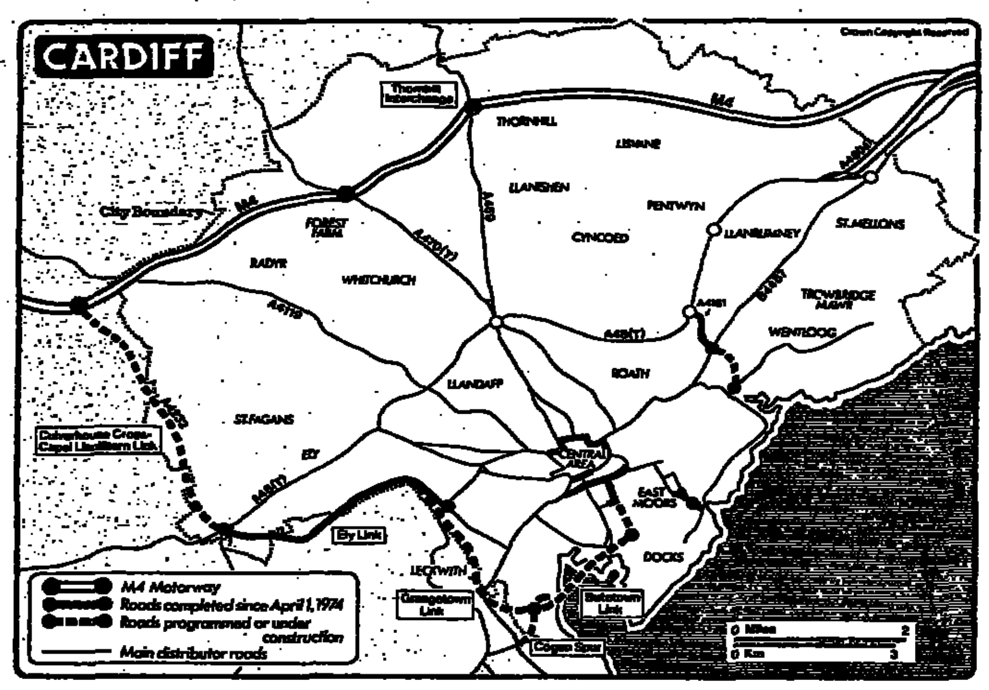
Last year the St David's National Concert Hall and Conference Centre was added to Cardiff's wide range of cultural attractions. This in turn forms the centrepiece of Cardiff's central area redevelopment, which after years of delays is finally taking shape with the aim of re-establishing Cardiff's pre-eminence as a regional shopping centre.

Cardiff is not an ancient city. Although it has Roman and Norman beginnings, it was not until the coming of the Industrial Revolution and the opening up of the iron and coal deposits in the city's northern hinterland—today's South Wales mining valleys—that Cardiff was transformed from a small settlement at the mouth of the River Taff into a bustling city and major seaport.

In 1801 the population was a mere 1,081. By the middle of the 19th century it had risen to 30,000 and by 1911—an era when Cardiff became the hub of the world's coal trade, exporting over 30m tonnes a year—it had reached nearly 190,000.

This rapid growth was well regulated. It took place under the aegis of the Marquess of Bute and family, who not only built Cardiff's docks but were also responsible for many of the fine buildings and parks, such as Cardiff Castle and Cathays Park civic centre which grace today's city.

Artist's impression of what the Welsh Rugby Union's National Stadium at Cardiff Arms Park will look like when the £4.5m final stage of a £10m redevelopment is completed. The south stand is now being built and some of its seats will be available for the England v Wales international on February 5. The architects for the scheme are Osborne V. Webb and Partners of Cardiff



The background also explains why Cardiff was not granted city status until 1905 and why it was not until 50 years later that it was officially designated as the Welsh national capital. Until 1955 Wales, essentially a land of small towns and villages, had managed to exist without a capital. When the subject was raised, there were conflicting claims from Caernarvon and Aberystwyth (for historical and geographical reasons respectively) and even from Swansea, which developed much earlier and was indeed for many years the alternative venue for rugby internationals.

Cardiff's designation as the Welsh national capital set the seal on its present development as an important administrative centre. The creation of the Welsh Office in 1964 and the subsequent devolution of government in many areas of administration has probably conferred more benefit on Cardiff than on any other part of Wales.

As well as the employment generated by Cardiff's growing importance *vis-a-vis* the rest of Wales, the city during the 1970s also became the home of Companies House and the Welsh office of the Export Credit Guarantee Department. Many companies and organisations also felt obliged to establish offices in Cardiff to serve the whole of Wales rather than covering South Wales from Bristol and North Wales from Liverpool.

Local government reorganisation was another source of employment growth. The old Glamorgan was split into three and Cardiff (plus the Vale of Glamorgan) gained its own county—South Glamorgan—as well as a city authority. At the same time the new Mid Glamorgan county council decided to maintain headquarters in Cardiff, outside its own administrative boundaries, because of the city's geographical convenience for the South Wales valleys.

Cardiff is also the home of three constituent colleges of the University of Wales—University College, the University of Wales Institute of Science and Technology and the Welsh National School of Medicine. Their expansion and those of other educational institutions in the capital in the 1960s and 1970s continue to contribute important spin-off benefits.

This public sector employment growth was to some extent checked by the 1979 decisions not to go ahead with the Welsh Assembly or transfer the Ministry of Defence procurement department to Cardiff and the Government's tightening grip on public expenditure. But it has been compensated for in other areas.

One recent source of expansion for Cardiff's economy has been broadcasting. The BBC's Wales headquarters in Cardiff is the largest BBC broadcasting centre outside London (not least because it is producing radio and television services in two languages). It recently acquired the British Steel Corporation's 65,000 sq-ft former Welsh Division headquarters building in order to provide additional space.

Meanwhile the Welsh commercial television contractor HTV is building a major new studio complex on the city's outskirts, in particular to meet the needs of Channel 4 in Wales—Sianel Pedwar Cymru (S4C).

The coming of S4C, besides creating yet another broadcasting centre in Cardiff, has also triggered the formation of a number of independent production companies and specialist broadcasting facilities which are helping to revitalise the original commercial quarter of Cardiff's dockland.

All these areas of growth have been important in offsetting the impact of what has been a sharp decline in Cardiff's manufacturing base. Since 1978 no less than 25 per cent of jobs have been lost in the manufacturing sector and the trend shows no signs of being reversed. The county as a whole is still losing manufacturing jobs at five times the rate they are being created.

The port, too, has not escaped the effects of the recession. Last year there was a sharp drop in trade, major casualties being imports of petroleum and exports of coal and scrap. A sign of the times is that Cardiff is now under the aegis of Associated British Ports as a prelude to privatisation, and next month the administrations of Cardiff and Barry ports will be merged under a single management team based mainly at Cardiff.

The local authorities, the Welsh Development Agency and the EEC are continuing to pump major resources into improving the industrial infrastructure in order to encourage new manufacturing industry. As a steel closure area Cardiff qualifies for the very attractive loan schemes operated by the European Coal and Steel Community.

Dividend

But there is also a growing realisation that promotion of Cardiff's attractions as a services industry and regional distribution centre may produce more dividends, at least in the current economic climate.

The U.S. Chemical Bank's decision last year to relocate a major part of its UK operation from London to Cardiff has encouraged thinking in this direction. It has also demonstrated that the information technology revolution could benefit low-cost administrative centres like Cardiff at the expense of the South East.

More attention is also being paid to the city's underdeveloped potential as a tourist centre and touring base. With its range of museums, castles, entertainment and nearby scenic countryside, Cardiff has as much to attract the visitor as many other capitals. But it is only now starting to market these assets seriously.

Making the most of innovative skills

AS THE recession has lengthened and deepened, the message has been gradually sinking in that Wales can no longer simply look automatically to footloose investment from across the border or from abroad to solve its economic problems. This applies to Cardiff no less than to any other part of Wales. But the Welsh capital is more fortunate than many other areas in having the infrastructure and human and material resources capable of generating a measure of "growth from within," provided it is given encouragement.

Cardiff's academic and higher education institutions in particular have an increasingly important role to play in the future growth of the local economy, not only by encouraging a wide range of modern skills and training for new technologies and industries but also by acting as locomotives for industrial innovation.

Cardiff's best-known example of the spin-off benefits of academic institutions is Lion Laboratories, now one of the world's leading manufacturers of breathalysers. The company grew out of the research of a lecturer at the University of Wales Institute of Science and Technology (UWIST), Dr Tom Jones, now Lion Laboratories managing director.

Not least because of continuing close relations between the company and UWIST, Lion Laboratories has moved on from its initial product—the breathalyser bag which used the effect of alcohol on chromium salts—to producing sophisticated electro-chemical detection instruments which not only provide a breathalyser which can be used many times over but also have applications in many other fields.

Six years ago University College, Cardiff, decided to mobilise the innovative potential of its staff and research laboratories by establishing an Industry Centre (CUIC). In the words of Mr Clive Jones, the centre's head, "CUIC's job is to make new products and processes happen."

With its own intelligence liaison network spread throughout the college's departments, notably those of electronics, chemistry, physics and chemical engineering, CUIC is geared to winkling out ideas, stemming from university researches, which could have commercial potential. It also studies the marketplace for gaps which might be filled by the right kind of new product, and then brings together staff and researchers with the relevant disciplines to try to work out a practical answer.

Assuming the technical and commercial appraisal of a particular product then proves positive, CUIC also looks after all the administrative work involved in patenting and protecting the product and then looks around for a suitable company to develop it commercially. In return it simply asks for a royalty to be paid back to the college to help expand this area of its activities.

In the electronics field it is looking at ways and means of improving picture quality in electronic microscopes and also has two major—but as yet confidential—microelectronic projects which it hopes will see the light of day this year.

The importance of CUIC's work for the local economy has been recognised in the past year by a grant of £100,000 a year for three years made up of contributions from the Welsh Office, and Cardiff, South Glamorgan and Mid Glamorgan councils. The extra resources are being used to expand activities and bring some projects on at a faster rate.

CUIC is also keen to take on contract research work for local industry. Interestingly, Mr Jones says that in his experience the slowness in developing greater co-operation between industry and higher education institutions stems more from industry's reluctance than that of the academics.

Backing

Encouraging work from within is also behind another Cardiff-based initiative. This is the city's selection as the base for a feasibility study by Worldtech Ventures, the consultancy planning group initiated by Control Data with the task of trying to help solve problems of unemployment and urban decay. In the UK its activities are also being backed by BSC (Industry), the Co-operative Bank, Pilkington Brothers and Sun Life Assurance, though the Cardiff study is being backed financially by the WDA, the county council, and the European Coal and Steel Community.

The work is not yet complete but the final report is expected to recommend the formation of a technological transfer company with access to a data base; a register of companies, not only in Cardiff, but the whole South Wales region, capable of taking advantage of technological transfers; the setting up of a capital licensing company to buy manufacturing licences and sell them on to companies capable of utilising them; and the formation of a training company to introduce computerised systems to local businesses and develop systems for small businesses.

The study is also expected to recomend that Cardiff should aim to build itself as a centre of excellence in microelectronics and robotics. The development of robotics industry, in particular, is still at an early fragmented stage. But sooner rather than later, a location will emerge which is regarded as the specialist centre for robotics technology, and Cardiff, Worldtech thinks, has the opportunity to establish that role.

South Wales is already the manufacturing base for what is claimed to be the most advanced small robot in Europe—the Pendar Placemate. This has just gone into manufacture at a factory in Ebbw Vale with the initial target of capturing at least 10 per cent of the British robot market. Moreover, robotic expertise is on hand. The man who headed the research and development of the Placemate, Professor Pavel Jan Drazel, recently moved from Surrey University to take up the chair of Mechanical Engineering (Manufacturing) at UWIST.

Not to be outdone by other parts of the country, Cardiff is also in the process of establishing its own Enterprise Trust to act as a new business generator. Backed by BSC (Industry), major banks, major accountancy firms, Wiggins Teape, Whitbreads, Legal and General, Marks and Spencer and a number of smaller local companies, as well as Cardiff City and South Glamorgan councils, it will provide one-stop shopping for small business either setting up or expanding in the area. Marks and Spencer has already agreed to second a senior manager to head up the trust management team.

South Glamorgan Council has also just announced the launching of a new capital venture fund to be financed jointly by the council and the Commercial Bank of Wales. This will enhance the council's own small businesses loan fund.

Together with a Wales TUC workers co-operative resource centre and investment fund which is expected to be Cardiff-based and the Welsh Development Agency's investment instruments which include its new venture capital subsidiary, Hafren Finance, Cardiff shows encouraging signs of developing a useful infrastructure for promoting industrial innovation and new business creation.

Trevor Humphries

Amersham International's new plant at Whitchurch seen against its sylvan setting. It was the joint winner of the 1982 Financial Times Architecture at Work award, and was commended for fitting in with the landscape

Manufacturing draws the big names

FEW MANUFACTURING industries in Cardiff have escaped the effects of the recession, and if anything the rate of the loss of jobs has been increasing. In the late 1970s, the rate of job losses in manufacturing averaged 1,300 a year. Now it is running at over 2,000.

The most well-publicised was the 1978 closure of the British Steel Corporation's East Moors steel works with the loss of more than 3,000 jobs. But the neighbouring GKN steel complex, recently hived off as part of a joint survival strategy with BSC and renamed Allied Steel and Wire, has shed almost as many jobs over the past five years in a determined bid to meet the difficult demands of the UK steel market in the 1980s.

BL's component and stockholding operations in Cardiff have also shrunk sharply in employment terms while many other motor component manufacturers which provided a major source of new employment growth in the 1960s have been forced either to cut back sharply or close altogether.

Cardiff continues to attract a wide range of leading manufacturing names. Besides those already mentioned, they include Amersham International, Aeroquip, Actair International, Adam Foods' Just Juice subsidiary, Avana Foods, Burroughs Machines, Freeman Cigars, JPM Machines, Matsushita's European National Panasonic subsidiary and Wiggins Teape.

Amersham International (formerly the Radiochemical Centre) and Japanese-owned National Panasonic are two high technology companies which came to Cardiff in the mid-1970s and have subsequently gone from strength to strength. National Panasonic has expanded its operations threefold since making its initial investment, diversifying into a wider range of colour televisions and into music centres.

Uphill struggle

Attracting major new manufacturing projects, however, has proved to be an uphill struggle, surprisingly so in view of the city's comprehensive range of attractions. Not many places of Cardiff's size and sophistication offer such a good range of financial and other incentives.

The city has had development area status since 1974 when the closure of East Moors began to loom on the horizon. It has access to the attractive industrial loans available from the EEC for steel closure areas. Communications are now excellent since the completion of the M4, and British Rail's high speed train link which put London within two hours travelling time.

Cardiff-Wales airport, 20 minutes' drive from the city centre offers scheduled air services to other UK cities and the Continent, and is shortly to be augmented by a helicopter landing area close to the city centre. These incentives, combined with a good education infrastructure and large reservoir of labour with a wide variety of skills ought to have achieved more success.

Close runner

As it is, there have been a number of instances where Cardiff has ended as close runner up in the competition for major investment projects. Inmos was one. The Anglo-American microchip venture plumped for neighbouring Newport for its UK microchip manufacturing facility, rather than the Forest Farm industrial estate, where Amersham International is located and which has its own access to the motorway. More recently, Cardiff lost out to Hartlepool in its bid to secure Isocom's manufacturing venture.

The city's growth as an administrative centre has helped to keep the level of unemployment in line with the national average—it stands at the moment at about 13.5 per cent. A relatively low level of female unemployment however, helps to disguise a male jobless rate of over 17 per cent and in pockets of the city the level of unemployment is over 20 per cent.

Shortage of industrial land used to be a problem but there is now an attractive range of sites and modern factory premises available, including some earmarked for prestigious high-technology projects.

The county council is building two new industrial estates on the eastern approaches to the city, one at Pentwyn alongside Matsushita's facilities, the other at Wentloog, one of the five UK locations short-listed for the now shelved Nissan car project. It is also discussing plans to develop a 40-acre site alongside the Cardiff-Wales airport for airport-related developments.

A number of inquiries for this type of facility has been received since British Air Ferries took over British Airways maintainance base there just over a year ago.

The city council's efforts to cater for small businesses include the recent opening of its Royal Stewart workshops in a converted Victorian warehouse which were almost all taken up immediately by tenants going into business for the first time.

Activity is by no means all confined to the public sector, Norcross is planning eventually to invest a total £20m in developing a major new estate on Cardiff's northern outskirts, Cardiff Industrial Park. The first stage has generated a good demand.

The most substantial effort towards encouraging new manufacturing industry, however, has so far come from the Welsh Development Agency and BSC (Industry). The WDA has completed more than 70 factories totalling 632,000 sq ft in Cardiff. Of these, 56 are occupied by companies manufacturing a wide range of products, from electronics to furniture and promising to provide some 2,000 new jobs within three years.

After the closure of East Moors, the agency was allocated special funds to clear the site and provide a new industrial estate which is within a short distance of the city centre. So far 61 advance factories have been completed at East Moors.

The agency is also building a range of 27 small units funded by CIN, the coal industry pension fund, on the same site.

Long-term plans for the development of East Moors and land on the adjoining foreshore allow for the provision of 2m sq ft of new factory space capable of supporting 6,000 jobs. Once Cardiff's southern arterial link road is completed—work is due to start in earnest shortly—it promises to provide a particularly attractive manufacturing location.

A model

BSC (Industry) created its Cardiff workshops in one of the former office blocks of the East Moors steelworks and they have proved to be a model of their kind. Of the 105 units available, at the last count 83 were let to 42 different companies employing a total of 230.

The "easy in—easy out" tenancy contracts (since adopted also by the WDA) have proved a particularly attractive feature, enabling expanding companies to move out with the minimum of cost. With 18 months' experience under its belt, the workshops management is now adopting a policy of creating larger units of some 3,000 sq ft from the existing ones, complete with administrative and design offices as well as production space.

In short, Cardiff intends to remain very much in the hunt for manufacturing investment, despite the setbacks suffered in recent years. Given an improvement in the economic climate, there is every reason to expect it to do better.

Success story for minicomputer specialist

CARDIFF-BASED Computerised Business Systems (CBSL) began life in 1965 as a subsidiary of an industrial painting company, selling computer time to local Welsh industry. Today it is an independent company making its mark as a pioneer supplier of specialist minicomputer packages to the accountancy and legal professions.

It was in 1977 that CBSL, after a decade as a successful computer services bureau, began moving cautiously into the minicomputer field. A measure of its success is that CBSL's minicomputer systems are now installed at over 200 sites throughout the UK, with the most northerly installation currently being undertaken at Inverness. Most of the company's revenue now comes from outside Wales.

CBSL's bureau work was based on a Burroughs machine but after an examination of the quality and reliability of all the main minicomputers on the market, the company opted for Texas Instruments (TI) as the hardware vehicle for its accountancy and legal packages. Accountants and lawyers are notoriously conservative and are largely sheltered from a recession which has forced most other businesses to examine their efficiency as they become available.

The cost of CBSL's systems range from £5,000 to over £100,000 but the typical installation cost is under £25,000 including software for a three-terminal system which is either written in-house by CBSL's software development team of more than a dozen or bought in and adapted.

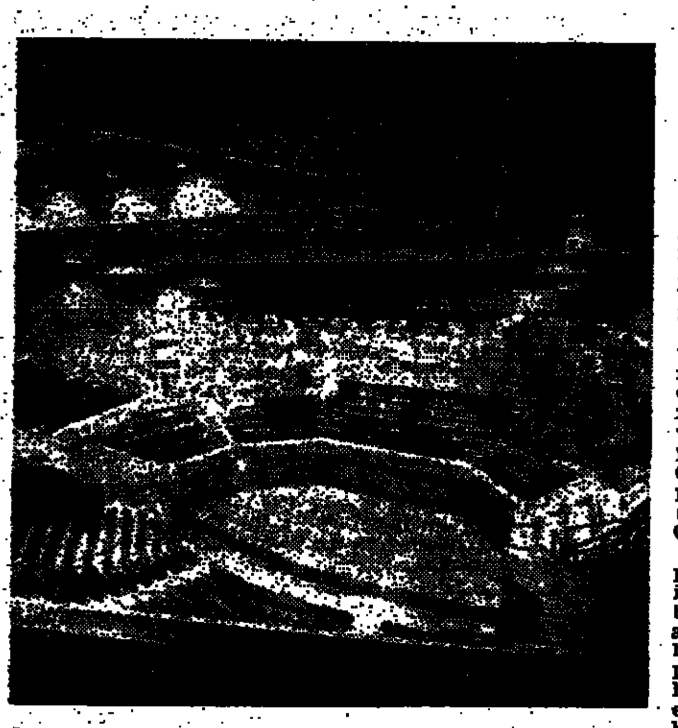
The introduction of TI's latest range of multi-user business minicomputers, the 300 series, has been the signal for major software redevelopment to mobilise its greatly enhanced table-top power. As a result CBSL is now able to offer accountants a range of software for processing every different type of account within just one system. It can also do a degree of tailoring to suit the individual client.

Mr Ian Monro, CBSL's joint founder and managing director, stresses that two watchwords guide the development of the company's software. One is "interactive"—it is impossible for any account not to balance. The other is "integrated"—if, for example, an invoice is posted it will go automatically to every other relevant heading. CBSL's techniques are evolving to the point where the microcomputer now produces accounts which look like accounts rather than computerised accounts and where virtually all information required can be stored on the computer and retrieved by interrogation and print-out as required, rather than on paper.

Its systems are now installed at more than 200 sites in the UK

A key part of CBSL's success is that every installation is provided with a comprehensive backup service from the company's customer liaison department. As well as having a number of staff "on the road" the department is also equipped with a hot line to answer immediate queries and in a position to remove any bugs which might be found in the softwares.

CBSL is the only specialist company in the field to be found outside London but Mr Monro is in no doubt that the Cardiff base is an advantage. It has given the company great staff stability in an industry where many people take pride in having worked for a dozen companies by the age of 30. It has enabled CBSL to build a depth of expertise which in other centries would have been harder to hold together. It is, moreover, not limited to TI hardware; a wealth of in-house experience has also been acquired from writing software for other machines.



St David's shopping centre, a 500,000 sq ft redevelopment designed to re-establish Cardiff's pre-eminence as a regional shopping centre. Right: interior of St David's Hall which was opened last year. It can be used for concerts or as a conference centre

Boost for property sector

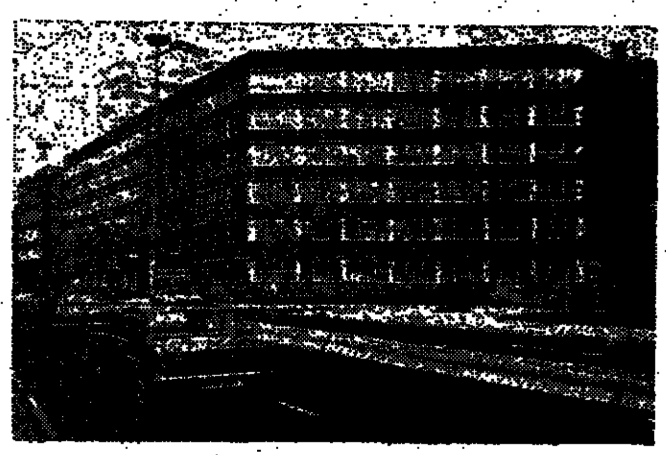
THE TOTAL office stock in Cardiff's central area amounts to some 5.2m sq ft. Of this about ½m sq ft of space is unlet and a further ½m is allocated or under construction. Although the M4 and British Rail's high-speed rail link have brought London within two hours travelling of the city centre, Cardiff has not—at least until very recently—benefited from the remarkable growth in the office property market west of London. The principal source of growth in demand for large office accommodation in Cardiff has come from the public sector—from the Welsh Office, local government and the public utilities.

In the private sector there is what local estate agents describe as a psychological barrier against crossing the Severn Bridge, even though Cardiff offers the environment and amenities of a national capital as well as easy travelling time to London and Heathrow. Yet fund managers have not generally been prepared to look further west than Bristol when it comes to financing speculative developments.

Detailed study

Indeed the fact that companies relocating to Cardiff from London and the South-East are able to make major savings and secure grants of up to £5,000 per job created has tended to create a suspicion rather than act as an incentive.

Against this background therefore last year's decision by the Chemical Bank, the sixth largest U.S. banking group, to transfer the major part of its UK operation from London to Cardiff was a major boost. Together with a major 190,000 sq ft central area development on behalf of Wales Gas, a new 18,000 sq ft regional headquarters for Lloyds Bank in Cathedral Road, and the purchase by the BBC of BSC's Welsh division's former 65,000 sq ft headquarters, it has injected a measure of optimism into what would otherwise be a recession-ravaged market.



The Chemical Bank, the sixth largest U.S. banking group, in Cardiff. The decision to transfer the major part of its UK operation from London injected a much-needed touch of optimism into the local property market

Chemical Bank's choice of Cardiff was no chairman's whim but the result of a detailed study of the advantages and disadvantages of 20 cities in England and Wales, from which the Welsh capital emerged on top. The bank is now installed in a newly completed 70,000 sq ft office development by Trafalgar House Developments just off Cardiff's prime area, Newport Road, at a price rumoured among estate agents to have been around £5.35 a sq ft.

It has still to be seen how far Chemical Bank's move represents a breakthrough. So far there are no reports of similar moves in the pipeline, though agents do report enquiries.

Meanwhile, a 60,000 sq ft Newport Road development by Sunlife — Longcross Court — has just been completed. Some 25 per cent has been let so far and agents Cooke and Arkwright report further enquiries at £5.75 a sq ft. Sun Alliance has just started construction work on 32,000 sq ft offices and ground floor shops development in Queen Street. Espley-Tyas has detailed plans ready for 58,000 sq ft of offices on the long-vacant site on Kingsway, immediately opposite Cardiff Castle. Campaign Properties, a local development consortium, has just announced plans for a development which will provide a total of 114,000 sq ft on the corner of Newport Road and Fitzalan Place.

This site will not be developed as a single unit, however. To be know as Fitzalan Court, it wil be constructed as a series of individual buildings ranging from 6,000 sq ft to 25,000 sq ft in size.

At the same time there is a more than ample stock of second-hand accommodation available. This is not least because the opening of the Welsh Office's £20m Crown Building in Cathays Park has resulted in a significant amount of central area office accommodation being vacated. It includes a sizable proportion of the Pearl Tower Building in Greyfriars Place. Southgate House, close to Cardiff's central station but away from the mainstream of recent office developments, has also proved slow to let.

In the retail sector Cardiff is still absorbing the impact of the St David's Shopping Centre, a 500,000 sq ft redevelopment opened less than two years ago and designed to re-establish Cardiff's pre-eminence as a regional shopping centre. Agents report no deleterious effect on surrounding retail areas but admit that the full effects of the new complex will not be clear for a while.

Even so, Guardian Royal Exchange has no doubts about Cardiff's underlying strength as a shopping centre. It has just announced plans for a £25m American-style shopping and "theme centre" towards the eastern end of Queen Street. To be known as the Queensgate Centre, the proposed development contains a department store and 34 other shops on two levels, restaurants, a glass-topped central area for market stalls and recreational facilities. A 50 ft waterfall will provide the centrepiece.

The scheme has run into controversy and accusations that it will create more shopping space than Cardiff needs. But the developers insist that according to their researches the Cardiff retail market is set to strengthen in the late 1980s when this interesting development is due to come on stream, assuming it obtains planning consent.

New strategy for Allied Steel

A DETERMINED strategy to maintain Cardiff's traditional importance in key sections of the UK steel products market is under way at former GKN-owned steelmaking plants in the city. Within the past 18 months they have been hived off, along with complementary remaining BSC capacity elsewhere in the country, and placed under the management of a new joint GKN-BSC company, Allied Steel and Wire (ASW), with headquarters in Cardiff.

The new company groups 14 production units, seven of them in Cardiff, which have a combined asset value of £150m and a total workforce of 4,500. ASW has been placed firmly in the private sector; no further cash help will be made available by either BSC or GKN. It is also being run on highly decentralist lines, each unit having its own management team, separate accounts and marketing ambitions.

The GKN-BSC discussions which led to ASW's formation began as early as 1977, when BSC was still operating five rod mills and four bar mills, and GKN one of each. By the time the new company was formed in July 1981, in response to the reduced UK demand for its products range—rod, bar, sections and their downstream products, wire and reinforcements—BSC had closed four of its five rod mills and all of its reinforcing bar mills.

Over the same period, GKN had maintained its capacity, but shed 40 per cent of its workforce, some 60 per cent of it from management.

This has already resulted in impressive productivity gains. ASW's Cardiff facilities are today producing and processing substantially more steel than three years ago with getting on for half the workforce. Weekly steel production now averages at least 11,000 tonnes a week whereas in 1979, the norm was 7,500 tonnes, aiming towards 8,000 tonnes.

This dramatic improvement has been achieved by a certain amount of investment but also by sending the company's steelmakers to West Germany to study German steel plant standards and practices.

The West German connection established a precedent which is now being vigorously pursued by Mr Alan Cox, ASW's chairman, but this time involving Japanese steel expertise.

"Despite the dramatically improved manning standards, we found we were still not making money," he explained.

After a worldwide investigation into operating standards elsewhere, the company was shocked to find that Japanese steelmakers were averaging 15,000 tonnes a week from the same type of electric arc capacity, and achieving also a higher operating efficiency from their rolling mills.

The net result has been the signing of a technical consultancy agreement with Kobe Steels, involving exchange visits for personnel, which has already led to further significant productivity improvements in its rod-rolling mills.

Whereas the yield of rods from billets used to average 89-90 per cent, the improvements brought about by the injection of Japanese expertise has already bumped up the average yield to 96 per cent.

Mr Cox stressed that there is nothing magic about the Japanese input. "They have simply shown us that higher standards are possible if everybody concentrates on detail and works together to prevent problems recurring once and for all."

Negotiations are now under way with another, as yet undisclosed, Japanese steelmaker to establish a further technical exchange agreement, this time affecting ASW's Tremorfa electric arc steel plant and its bar and section mills.

With no marked improvement in market conditions visualised in the foreseeable future, Mr Cox says it is vital that ASW maintains this momentum towards "best world practice" — the new company's watchword. While a 4 per cent to 5 per cent market growth for part of ASW's product range is anticipated over each of the next three years, this will still leave demand from the construction industry — the dominant sector — some 15 per cent below its 1979 level.

Mr Cox at present sees no logic—or profit—in exporting. ASW's immediate target is to expand its market share by recapturing a significant slice of the 30-35 per cent of the UK market now being filled by imports. It has calculated that the only way to do this is to concentrate on getting costs down still further by increasing efficiency.

Home of Welsh TV channel

IT IS one of the ironies of modern Wales that although Cardiff is predominantly English speaking, with an ambivalent attitude towards the Welsh language, this has not prevented the city prospering from the tremendous growth in Welsh language broadcasting.

In the pioneering days of radio, Wales was served from Bristol. But not least because of pressure for Welsh radio programmes, the BBC felt obliged to establish a presence in Cardiff. Welsh language broadcasting, and the political pressure associated with it, have subsequently acted as a "motor" for growth in Cardiff's comprehensive broadcasting facilities.

Today, with the coming of Sianel Pedwar Cymru (S4C)—the autonomous Welsh fourth television channel—the city has become the largest UK broadcasting centre outside London.

S4C is reckoned to have so far created 1,000 jobs, more than half of them in the Cardiff area. But only 40 are to be found in S4C's Cardiff headquarters, which has the task of organising a balanced 22 hours a week Welsh language service from programmes supplied by BBC Wales (10 hours), HTV (7½ hours) and independent producers (4½ hours). The UK fourth channel output is rescheduled around the Welsh programming in Cardiff.

It has involved BBC Wales, again the corporation's largest broadcasting complex outside the metropolis, investing a further £5m and taking on 250 extra staff in its various television departments. Some £1½m of this has been spent on the purchase and refurbishment of the British Steel Corporation's former Welsh division headquarters for television purposes, a highly symbolic change of use in terms of Cardiff's economy.

In HTV's case, the new channel's demands have been the signal not only for the creation of another 250 jobs but also for the construction of a £14m television headquarters and studio complex on a prestigious 25 acre site at Culver House Cross on the western outskirts of the city.

Builders R. M. Douglas Construction have been set the formidable task of completion by April next year. Although work started only last July, and the autumn was exceptionally wet, 30,000 sq metres of formwork and 9,000 sq metres of concrete have been completed. The project is on schedule. When completed it will give HTV two additional studios and bring the number of large television studios in Cardiff to six.

Beyond these major expansions, S4C has also triggered the formation of a number of independent and in some instances, highly specialised, television facilities in the city. Two animation houses have been launched—the first in Wales—to make cartoon series for S4C. One is responsible for Superted, the technological teddy bear series, which has already been sold by S4C to more than 30 television stations around the world. Having been broadcast in Welsh, the series is to go out in English on BBC 1 in the autumn. Superted is also spearheading the development of a significant merchandising sector in Wales, thus creating manufacturing jobs.

Dubbing skills

Thanks to the new channel, Cardiff has also acquired specialist independent film editing facilities and a major independent recording and dubbing studio, to dub foreign film material into Welsh and appropriate Welsh programmes into English and other languages for sale elsewhere. This is encouraging dubbing skills unavailable elsewhere in the UK.

There are five independent TV companies making programmes ranging from light entertainment and pop to drama documentaries and religious features.

The future is not totally secure. The new channel arrangements are to be reviewed by the Government in three years. But despite trial specticism, S4C has got off to an excellent start, attracting a far bigger audience percentage than its London counterpart, and Cardiff is the main beneficiary.

UK COMPANY NEWS

FOOD GROUP'S PROFITS JUMP 43% TO OVER £6M

Fitch Lovell gains at mid-year

BY OUR FINANCIAL STAFF

FITCH LOVELL, the food manufacturer, wholesaler and retailer, achieved a 43 per cent rise in profits to £6.02m for the 26 weeks to October 23 1982. This compares with a forecast three months ago of not less then £5.7m, and with last year's corresponding figure of £4.22m. First-half sales improved from £363.36m to £390.23m.

The net interim dividend is being lifted to 2.17p (1.491p) per 20p share, as indicated in the October circular rejecting the takeover offer by Linfood Holdings, which has now lapsed on being referred to the Monopolies Commission.

No account has been taken of the costs of the takeover attempt by Linfood, which will be dealt with in the full year accounts as an extraordinary item.

Since the half year, the group has benefited from strong Christmas trading, the directors state.

Pre-interest profits of the group's manufacturing division were significantly ahead at £3.73m (£2.97m), benefiting from further improvements in efficiency, new products and aggressive marketing.

The wholesale division showed a substantial advance from £1.3m to £2.39m. Frozen food distribution, in which the company has made and plans further investment, performed strongly, while progress was made by Lovell and Christmas.

The agricultural side made a profit this time of £330,000 compared with a previous loss of £573,000. Profits of all the group's companies in this division were well ahead of last year, with the poultry operation recovering from a loss-making position.

Profits from the retail division, however, dropped from £2.42m to £1.33m, with the reduction entirely attributable to a much lower contribution from property realisations.

The trading performance of the Key Markets supermarket chain was ahead of last year – four new supermarkets were opened.

Group pre-tax profits for the period were after crediting property profits of £471,000, against £1.75m last time. Associates' contributions rose from £156,000 to £227,000, but interest took £1.62m (£1.59m) and development and reorganisation expenditure, including financing costs, accounted for £657,000 ($710,000).

Tax charge more than doubled from £650,000 to £1.37m and earnings per share came out at 6.91p.

Warner Estate over £1m

By Our Financial Staff

WARNER Estate Holdings has maintained a steady growth rate in profits throughout the year to September 30, 1982 and the total dividend is being increased from 8p to 9p with a final payment of 5.5p net.

Following a £156,000 advance to £991,000 at the interim stage, the year's pre-tax outcome shows a £307,000 improvement at £2.1m on revenue ahead from £7.22m to £7.84m.

The profit was struck after depreciation of £51,753 against £33,469 which was in respect of short leasehold properties and plant.

Tax for this property investment concern took £1.04m (£815,000) leaving the net profit expansion as one of £81,000 to £1.06m, and earnings per 25p share 0.8p higher at 9.5p.

Minorities this time amounted to £3,178 compared with £1,302 previously and extraordinary credits of £1.43m (£1.65m) which relate to a property sale surplus have been taken to capital reserve.

Investment properties have been revalued by the directors at £48.41m (1981 estimated at £45m) and such valuation has been incorporated in the accounts. Depreciation has not been provided for in respect of these properties. Comparative figures for last year have been correspondingly adjusted and accumulated depreciation of some £539,000 has been written back.

■ WARNER ESTATE HOLDINGS

Property investment

Year to Sept 30	1982	1981
	£	£
Sales	7.84m	7.21m
Pre-tax profit	2.1m	1.79m
Tax	1.04m	815,091
Attributable profit	1.06m	979,898
Earnings per share	9.5p	8.7p
Dividend	9p	8p

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthnot Latham	11 %
Armco Trust Ltd.	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM	11 %
BCCI	11 %
Bank of Ireland	11 %
Bank Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	11 %
Banque du Rhone	12 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
Choulartons	11½%
Citibank Savings	¶ 9 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk of N. East	11 %
Consolidated Credits	11 %
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	12½%
Robert Fraser	12 %
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Bank	11 %
Hargrave Secs. Ltd.	11 %
Hargrave Secs. Ltd.	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Hongkong & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	11 %
Mallinhall Limited	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Norwich Gen. Tst.	11 %
P. S. Refson & Co.	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank	11 %
Standard Chartered	‖11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd.	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd.	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8½%. £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

MINING

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

(Incorporated in the Republic of South Africa)

Interim Report for the Half-Year ended 31 December 1982

FINANCIAL RESULTS

The unaudited estimated consolidated financial results of the Company and its subsidiaries for the period are as follows:

Year ended 30 June 1982 R000		Half-years ended 31 December 1982 R000	1981 R000
17 113	Turnover	7 955	9 073
11 052	Profit before taxation	5 455	7 451
20	Taxation	4	252
11 032	Profit after taxation	5 451	7 199
31	Attributable to outside shareholders of subsidiaries	15	13
11 001		5 436	7 186
109	Preference dividends	51	55
10 892	Profit attributable to ordinary shareholders	5 385	7 131
112.6 cents	Earnings per ordinary share	55.7 cents	73.7 cents

TAXATION

The charge for taxation has been reduced by the utilisation of assessed losses brought forward.

DIVIDENDS PAID OR DECLARED DURING THE HALF-YEAR

Preference dividend No. 21 amounting to R51 000 (1981—R55 000) was paid on 31 December 1982 in respect of the half-year on the 8% redeemable cumulative preference shares.

Final ordinary dividend No. 60 of 45 cents per share amounting to R4 353 000 for the year ended 30 June 1982 (1981—50 cents—R4 837 000) was declared in June 1982 and paid during the half-year. Interim ordinary dividend No. 61 of 30 cents per share totalling R2 902 000 (1981—30 cents—R2 902 000) was declared in December 1982 and is payable on or about 11 February 1983.

INVESTMENTS

The market value of the listed investments of the Company and its subsidiaries at 31 December 1982 was R253 471 000 (1981—R159 374 000) compared with a book value of R32 455 000 (1981—R28 562 000). The book value of the unlisted investments of the Company and its subsidiaries at 31 December 1982 was R4 498 000 (1981—R5 761 000).

For and on behalf of the Board
Clive S. Menell—Chairman
R. T. Swemmer
Directors

Registered Office:
Anglovaal House
56 Main Street
Johannesburg 2001
27 January 1983

London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

HIGHER PRECIOUS METALS PRICES BANISH FEAR OF LOSS

Homestake sees $16m profit

BY GEORGE MILLING-STANLEY

THE DRAMATIC and unexpected improvement in precious metal prices during the fourth quarter of last year means that Homestake Mining, the biggest gold producer in the U.S. should record net profits of perhaps $16m (£10.4m) or 90 cents a share for 1982, against earlier forecasts of around 50 or 60 cents a share.

The results, due to be announced on February 8, represent a considerable decline on the $28.8m or $1.69 a share in 1981, but at least Homestake has managed to stay in profit.

Mr Harry Conger, chairman and chief executive, admitted yesterday that six months ago he expected the company to report a loss for the year.

Of course, things looked much worse then. Mr Conger was still trying to settle the long-running strike at the company's original Homestake gold property in Bobtail Gulch, in the Blanck Hills of South Dakota, and metal prices were at historically low levels.

However, the coincidence of the labour dispute with the depressed state of the gold price meant that the strike did not cost the company as much as might otherwise have been the case.

Beyond that, the resumption of production in September allowed Homestake to reap the full benefit of the improvement in metal prices.

This rally in the third quarter gained impetus during the last three months of the year, with the result that the gold price averaged somewhere around $100 per ounce more than in the first six months of 1982.

Prices for silver, an important by-product, were also much improved, doubling to about $10 or $11 an ounce in the final three months when compard with the first half of the year.

Apart from the advantages of the renewed strength in metal prices, Homestake also benefited from the policy of paying close attention to mining costs.

The company managed to reduce operating costs by about $20m, or between 12 and 13 per cent if the effects of the strike are stripped out.

Mr Conger still estimates capital spending for the current 12 months at between $15m and $20m.

Lupin mine set for first quarter profit

BY OUR MINING STAFF

THE LUPIN gold mine in Canada's Northwest Territories, owned by Echo Bay mines, has reached full production capacity of around 1,000 tonnes of ore a day. Annual gold output is estimated at some 115,000 ounces of gold, of which about one-third is being sold forward.

IU International, the U.S.-based diversified services company which controls Echo Bay, hopes for a first-ever contribution to profits from the mine in the first quarter of this year, provided that the bullion price remains around the present level.

Lupin's reserves are put at 1.1m tons of ore, grading an average of 0.35 ounces (almost 11 grammes) of gold per ton.

Mr Bob Calman, chairman of Echo Bay and chief financial officer of IU, said in London this week that the group was considering making an issue of Echo Bay treasury shares. The funds raised would be used to pay off all or most of the bank debt incurred in developing the Lupin mine.

The mine was financed initially out of a windfall profit of $29m on forward sales of silver from the IU group's now defunct Port Radium mine, close to the Lupin project, bank borrowings and an innovative issue of preferred shares and purchase warrants for gold produced from Lupin.

The issue raised around C$75m net.

Echo Bay is also considering plans to expand the Lupin operation's milling capacity.

Gold fever persists in Australian stocks

BY KENNETH MARSTON, MINING EDITOR

GOLD FEVER again gripped the market in the junior Australian exploration stocks yesterday. In further response to the high value drill results from the Harbour Lights gold prospect at Leonora in Western Australia, Carr Boyd Minerals jumped 24p further to 144p; they were only 54p on Tuesday and as low as 10p last year. The associated Aztec Exploration price hardened 1p to 19p after the previous day's rise of 8p.

Among the rest of the field, Enterprise Gold Mines rose 10p more to 59p compared with 26p a week ago; the company is partnered with the Gold Fields group in a gold show at Pine Creek, south-east of Darwin. Acorn Securities put on 10p to 64p.

After having been suspended some six months ago around 7p, shares of Buddha Gold were requoted at 31p. The well-established Gold Mines of Kalgoorlie continued their remorseless advance to reach 725p from last year's low of 120p. Gold rose $8½ to $495 per ounce.

Recovery in South African gold output

By Bernard Simon in Johannesburg

SOUTH AFRICAN mines produced a total of 664.2 tonnes of gold in 1982, reversing the downward trend seen over the last four years, according to figures produced by the Chamber of Mines.

Gold output reached a peak of 1,004 tonnes in 1970, but had fallen steadily in the past few years to just over 700 tonnes in 1978 and 1979 and about 650 tonnes in 1981, the lowest figure for more than 20 years.

The Anglo American Corporation group's Elandsrand and Deelkraal in the Gold Fields of South Africa group, the two newest mines in the country, accounted for a substantial proportion of the rise in production.

In addition, most of the South African gold producers lifted their output during the final quarter as the bullion price rose.

Mr Michael Brown, chief economist of the Chamber, forecast yesterday that production will rise further this year, as several of the mines plan to raise their milling rates.

Beyond that, a number of expansion projects, shelved last year when the gold price dipped below $400 per ounce, are to be resumed.

These include Western Holding's development of the Erfdeel/Dankbaarheid area. The first blast in the shaft sinking work took place yesterday, and the operation should be commissioned in 1987.

Last year's increase in production came in spite of a fall in the average grade of ore mined

Falconbridge share sale to raise C$110m

CANADA'S loss-making Falconbridge has decided to take the opportunity presented by the rising trend of base metal shares in north America to raise funds, following the example set recently by Amax, Asarco and Newmont of the U.S. and Inco of Canada.

Falconbridge, the second largest nickel producer in Canada behind Inco, plans to issue 2m units made up of common shares and warrants at a cost of C$55 per share.

Each unit will comprise one common share and a warrant to purchase half a further share at a cost of C$65.50, exercisable until the beginning of February 1987.

The exercise should raise a total of C$110m, which Falconbridge will use for general corporate purposes, including the reduction of debt.

The shares have risen recently from around C$44 to C$55, but fell back to C$52 after the announcement.

LADBROKE INDEX
based on FT Index
608-613 (−2)
Tel: 01-493 5261

BOND DRAWINGS

IRELAND
U.S.$15,000,000 9% Bonds 1985

S.G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.$900,000 due 1st March, 1983 has been met by purchases in the market to the nominal value of U.S.$62,000 and by a drawing of Bonds to the nominal value of U.S.$838,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

5	18	34	47	58	72	78	105	119	133
164	173	182	199	208	230	246	263	274	283
294	309	347	355	379	388	400	410	423	449
511	541	564	589	603	640	660	703	718	743
769	790	801	814	850	871	887	915	939	967
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12660	12673	12681	12692	12704	12713	12747	12770	12786	12799
12807	12829	12864	12873	12885	12895	12905	12916	12927	12959
12969	12979	12990	13000	13008	13083	13146	13157	13174	13584
13594	13623	13631	13643	13661	13711	13722	13734	13742	13784
13796	13807	13816	13826	13838	13847	13859	13874	13888	13898
13908	13932	13937	13950	13958	13969	13981	13990	14000	14013
14021	14033	14042	14053	14064	14074	14083	14096	14119	14127
14138	14148	14160	14169	14182	14192	14202	14211	14222	14233
14242	14254	14265	14276	14281	14295	14305	14382	14393	14407
14440	14451	14459	14472	14482	14490	14503	14514	14522	14559
14570	14578	14602	14613	14623	14634	14647	14656	14668	14676
14687	14707	14716	14726	14736	14752	14762	14768	14781	14792
14804	14814	14829	14836	14852	14858	14873	14882	14890	14902
14911	14921	14932	14951	14963	14976	14983	14993		

On 1st March, 1983, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1983 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$3,300,000 nominal amount of Bonds will remain outstanding after 1st March, 1983.

The following Bonds previously drawn for redemption on the dates stated below, have not as yet been presented for payment.

1st March, 1978
593 4230 4799 9036 9362 12293 14215

1st March, 1979
1494 3307 3826 4903 6857 8475 8867 12297 13873

1st March, 1980
991 1366 3241 3310 3985 4245 4793 4933 5232 6274
6854 6980 8479 14936

1st March, 1981
368 793 986 1116 1152 4071 4229 4781 4797 4854
4934 5475 6266 6301 6322 6860 7418 7972 8575 9264
11287

1st March, 1982
11 268 284 797 1146 1399 1452 1722 3008 3136
3234 3470 3778 3963 3986 3998 4041 4059 4073 4145
4645 4661 4790 4848 4891 5225 5469 5643 6260 6273
6804 6852 7252 8067 12465 12820 13160 14607 14745 14954

30, Gresham Street, London, EC2P 2EB

28th January, 1983

FINANCIAL TIMES STOCK INDICES

	Jan. 27	Jan. 26	Jan 25	Jan. 24	Jan. 21	Jan. 20	A year ago
Government Secs.	77.16	77.55	77.21	77.00	78.34	78.92	64.65
Fixed Interest	79.63	79.88	79.68	79.74	80.61	80.68	64.68
Industrial Ord.	611.6	614.4	614.2	605.7	619.4	624.8	573.8
Gold Mines	639.2	627.3	613.4	601.2	640.0	656.3	294.8
Ord. Div. Yield	4.91	4.87	4.88	4.95	4.84	4.79	5.34
Earnings, Yld.% (full)	10.56	10.47	10.49	10.63	10.40	10.29	9.56
P/E Ratio (net) (*)	11.38	11.46	11.44	11.29	11.55	11.66	13.27
Total bargains.	22,895	22,582	23,009	25,470	23,550	23,713	19,194
Equity turnover £m.	—	188.72	199.40	205.69	301.62	233.69	140.2
Equity bargains	—	18,122	18,928	21,654	20,302	19,498	15,326
Shares traded (ml)	—	143.1	113.8	129.5	175.9	145.6	107.7

10 am 612.5. 11 am 612.7. Noon 612.0. 1 pm 609.8. 2 pm 608.8. 3 pm 609.1.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil=10.56.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (5/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	637.4 (12/11)	518.1 (5/1/82)	637.4 (12/11/82)	49.4 (28/6/40)
Gold Mines	664.2 (19/1/83)	181.2 (22/6)	664.2 (19/1/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 26	Jan. 25
—Daily		
Gilt Edged Bargains	175.3	189.0
Equities Bargains	117.4	122.6
Value	381.4	403.0
5-day Avrge		
Gilt-Edged Bargains	176.4	173.9
Equities Bargains	127.6	128.9
Value	456.4	466.1

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. ... on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress. M Dividend and yield based on prospectus or other official estimates for 1983-84.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13

For rate indications see end of Share Information Service

For rate indications see end of Share Information Service.

Money was given for the call in London and Liverpool, Hampton Trust, Wearwell, Britoil, GEC, First National Finance, Audiotronic, Sound Diffusion, KCA International, Chloride, Australian Consolidated Minerals, Solicitors Law Stationery, Trust of Property Shares, Black and Edgington, Aidcom International, Suter Deferred, Arlen, Helene of London, London Trust, Combined Technologies,

ACTIVE STOCKS

Stock	Closing price	Day's change
Aberthaw	600	+60
Arlen Elect	214	+10
Audiotronic	30	+7
Carr Boyd	144	+24
Enterprise Gold	59	+10
ICI	370	−2
Ladbroke	179	+5
Linfood	240	—
Mallins	198	−2
UDS	103	+3
United Guarantee	29	+8
Vaal Reefs	£73⅞	+4⅞

WEDNESDAY'S ACTIVE STOCKS

Stock	No. of change	Wed. close	Day's change
Erskine House	34	106	+29
Lon & Liv Tst	28	500	+25
Bellair Cosmics	23	58	+6
Mercantile Hse	18	735	+35
Audiotronic	16	23	+6
Racal Elec	16	462	−11
Forward Tech	15	34	+12
GEC	15	188	−10
Bio-Isolates	14	290	+20
Glaxo	13	£14⅞	+⅛
Plessey	13	560	−5
Cns Gold Flds	12	518	−5
Exco Int	12	407	+34
ICI	12	372	—

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	80	16
Corpns., Dom. and Foreign Bonds	5	26	46
Industrials	251	259	817
Financial & Props.	97	71	348
Oils	14	36	59
Plantations	6	5	11
Mines	64	21	68
Others	63	51	42
Totals	502	549	1,402

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (83)

AMERICANS (2)
Abbott Labs. Sperry Corp.

BUILDINGS (4)
Bailey (Ben) May & Hassell
Blockleys Nott. Brick

CHEMICALS (4)
Ciba Geigy 8pc '81/94 Novo Inds. A.S B
Cory (H.) Plysu

STORES (3)
Forminster Helene of London
Lincroft Kilgour

ELECTRICALS (5)

[illegible]

NEW LOWS (17)

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thur Jan 27 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 26 Index No.	Tues Jan 25 Index No.	Mon Jan 24 Index No.	Fri Jan 21 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (208)	[illegible]	[illegible]	[illegible]	[illegible]	12.83	414.36	418.79	418.68	427.24	374.23
2 Building Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	11.68	407.29	405.51	407.74	417.63	338.22
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	9.94	735.98	727.43	733.99	753.45	583.35
4 Electricals (32)	[illegible]	[illegible]	[illegible]	[illegible]	16.24	1527.45	1575.96	1569.22	1602.96	1278.53
5 Engineering Contractors (10)	[illegible]	[illegible]	[illegible]	[illegible]	6.86	398.37	396.71	401.85	405.50	507.56
6 Mechanical Engineering (66)	[illegible]	[illegible]	[illegible]	[illegible]	9.84	197.65	196.75	196.46	199.86	201.83
8 Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	8.09	159.76	158.98	157.41	159.98	179.34
9 Motors (18)	[illegible]	[illegible]	[illegible]	[illegible]	—	77.93	77.58	76.73	78.66	100.25
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	13.54	380.87	380.13	382.20	386.62	393.37
21 CONSUMER GROUP (201)	[illegible]	[illegible]	[illegible]	[illegible]	11.80	408.30	405.72	400.38	409.22	291.71
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	10.93	453.84	451.44	442.80	451.87	284.58
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	8.65	334.93	331.93	329.23	334.59	285.84
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	16.99	850.27	837.51	838.98	857.53	588.67
27 Health and Household Products (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (47)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (77)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (486)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (121)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figures in parentheses show number of stocks per section

FIXED INTEREST

PRICE INDICES	Thur Jan 27	Day's change %	Wed Jan 26	xd adj. today	xd adj. 1983 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures and Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS: [illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

BOND DRAWINGS

CONTRACTS & TENDERS

CLUBS

PERSONAL

TRAVEL

UK COMPANY NEWS

COMPANY RESULTS IN BRIEF

BENJAMIN PRIEST GROUP

Engineering & drop forging

Half-year to Oct 1	1982	1981
	£	£
Sales	20.89m	18.79m
Pre-tax profit	324,000*	360,000*
Tax	–	–
Attributable profit	799,000*	360,000*
Earnings per share	1.91p*	2.13p*
Dividend	–	–

*Loss

GARFORD-LILLEY INDUSTRIES

General engineering, plastic extrusion & woodworking

Half-year to Sept 30	1982	1981
	£	£
Sales	2.92m	2.82m
Pre-tax profit	297,000	281,000
Tax	154,000	146,000
Attributable profit	143,000	135,000
Earnings per share	2.18p	2.04p
Dividend	0.25p	0.25p

LONGTON INDUSTRIAL HOLDINGS

Transport & distribution, motor dealing, steel stockholding & engineering supplies

Half-year to Sept 30	1982	1981
	£	£
Sales	20.03m	18.49m
Pre-tax profit	163,000	258,000*
Tax	38,000	141,000
Attributable profit	125,000	272,000
Earnings per share	1.1p	5.2p*
Dividend	–	–

* Loss

J. SAVILLE GORDON GROUP

Engineering supplies, scrap metal processing, property investment

Half-year to Oct 31	1982	1981
	£	£
Sales	–	–
Pre-tax profit	158,862	522,703
Tax	15,886	182,946
Attributable profit	142,976	339,757
Earnings per share	–	–
Dividend	1p	1p

LOUIS NEWMARK

Precision engineering and watch distribution

Half-year to Oct 2	1982	1981
	£	£
Sales	14.36m	14.02m
Pre-tax profit	610,000	825,000
Tax	317,000	525,000
Attributable profit	293,800	300,000
Earnings per share	9.4p	9.6p
Dividend	4.5p	4p

SOMPORTEX HOLDINGS

Confectionery and frozen products

Half-year to Oct 31	1982	1981
	£	£
Sales	3.38m	5.79m
Pre-tax profit	107,000	291,000
Tax	–	8,000
Attributable profit	107,000	283,000
Earnings per share	3.82p	10.12p
Dividend	–	–

HALLITE

Manufacture of precision seals

Half-year to Oct 30	1982	1981
	£	£
Sales	5.29m	4.15m
Pre-tax profit	473,000	408,000
Tax	198,000	171,000
Attributable profit	273,000	102,000
Earnings per share	11.4p	9.6p
Dividend	4p	4p

Lonrho set for demerger row

BY JOHN MOORE

Lonrho, the largest shareholder of House of Fraser, is taking legal advice in an effort to force House of Fraser to submit demerger proposals for Harrods, the main store in the Fraser empire, to shareholders.

At present a 366 page draft report prepared for the Fraser board by a director, Mr George Willoughby, and auditors Touche Ross has made a case, it is understood, which will lead the board of House of Fraser to reject the demerger plans.

Although both Lonrho and House of Fraser have agreed that a demerger of Harrods could be achieved tax effectively, both sides disagree over the profitability of Harrods. A 50 page report prepared by Lonrho director Mr Terry Robinson, who often represents Lonrho at Fraser board meetings, is believed to have produced pro forma figures on Harrods' profitability of £22m for 1982.

House of Fraser's own pro forma estimate for the profitability of Harrods is £12.4m, based on figures prepared by Touche Ross, although other management estimates using different assumptions are as high as £16m, Touche Ross is thought to have quantified the profitability of Fraser, without Harrods, at £15.6m.

On the basis of the figures which are believed to be contained in House of Fraser's report, group results for the entire store group ending in January this year could be around £28m, practically unchanged from a year earlier.

Coopers and Lybrand, accountants, are preparing a report on the House of Fraser board's document for a case committee.

Delayed closing date for UDS offer

BY RAY MAUGHAN

THE 100p cash offer for UDS Group from Bassishaw Investments, the institutionally backed consortium headed by Mr Gerald Ronson's Heron Corporation, now reaches its first closing date on February 17. The bid has been put back by a week as, at the insistence of the Takeover Panel, Bassishaw despatched a new form of acceptance to shareholders of the multiple and department stores group.

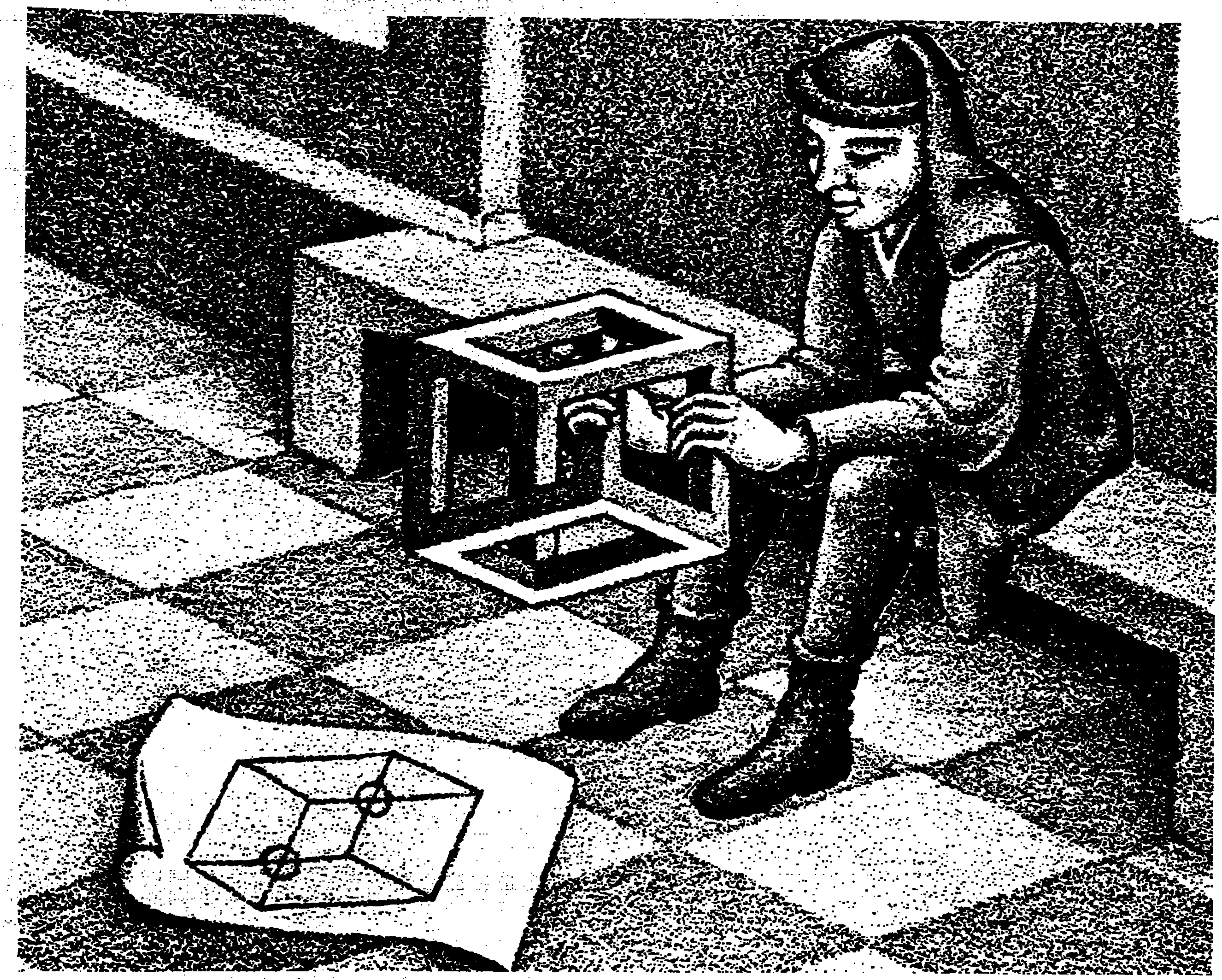
The revised form of acceptance excludes the earlier requirement that Bassishaw hold proxies to vote accepting shares at any general meeting. The Panel found earlier this week that this requirement was inconsistent with rule 8 of the Takeover Code.

But, with a mind to the growing possibility that UDS will strike a deal with Burton Group for the sale of its Richard Shops division and a large part of its John Collier chain, Bassishaw said yesterday that it would examine carefully any resolution put by the UDS board to its shareholders and "if appropriate, send to you separate proxy forms to obtain your support in opposing such a resolution."

COMPANY NOTICES

PUBLIC NOTICES

ART GALLERIES



ARE YOU GETTING THE RIGHT ANSWERS?

Even the best laid plans can go astray. Never more so than in today's increasingly complex world.

That's why it is vital to make sure you have the best information.

And that's where The Economist comes in. Because, for in-depth coverage of politics, international affairs, business, science and technology–The Economist is quite simply second to none.

Of course, nothing comes without a price. And you'll frequently find The Economist as infuriating as it is informative.

But, the fact is, The Economist is essential reading for anyone who can benefit from an early warning system concerning events and trends in the world community.

Which means almost everyone.

By reading The Economist, you'll discover items that could have a vital influence on your future or business – but which just don't appear in your usual papers.

So, as its readers in the UK and throughout the world will testify, to ignore The Economist is to set even the most careful planning at risk.

But there's more to this fascinating journal than its exceptional news gathering and reporting.

As well as often being controversial, The Economist also happens to be extremely entertaining. And certainly not lacking in a sense of humour.

Take The Economist today – and every week.

Along with the answers,
you could find some useful questions.

The Economist

Look at it another way.

FINANCIAL TIMES LAW REPORTS

The pitfalls of a misplaced trust

BY A. H. HERMANN, LEGAL CORRESPONDENT

THIS IS a cautionary tale from New York about the pitfalls into which lawyers can fall when they believe that they have an obligation to trust their clients; and that being counsel to a company does not mean that one also has to be its conscience.

The New York law firm, Singer Hutner Levine and Seeman, is being sued by creditors who were defrauded by OPM Leasing Services Inc. in connection with loans amounting to over $200m. Of these, about $70m were obtained during the last three months preceding Singer Hutner's resignation as OPM's legal advisers, when the firm already knew that frauds were committed in the past and there was reason to suspect that the wrongdoing might continue. A further $15m in loans was obtained fradulently after Singer Hutner resigned, but did not tell its successors why it had done so.

The U.S. Code of Professional Responsibility provides that knowledge of an ongoing crime is exempt from the far-reaching prohibition of revealing clients' confidences or secrets. The crucial question in deciding whether the lawyers were merely acting within their professional capacity or were liable for the losses caused to creditors by the frauds will depend on the view the court takes of how long a lawyer should trust clients whom he has reason to suspect of wrongdoing.

What evidence is necessary or sufficient to stop accepting the client's word? The lawyers in this particular quandary knew that they were skating on thin ice, and they turned to other lawyers for advice on professional ethics and the implications of the rules of evidence in their situation. But these others did not know much about the leasing business and the fraudulent credit operations, and there seemed to be some confusion about their role.

Singer Hutner served as OPM's general counsel since 1970. It was a firm with 11 partners and 60 per cent of its income derived from the one client. One of the firm's partners, Andrew B. Reinhard, had been a boyhood friend of M. S. Goodman and Mordecai Weissman, the founders and owners of OPM and these three formed the company's board of directors. The link between client and lawyer could not have been closer, and one can only surmise that the decision to give up the client would have been easier if the livelihood of the 11 partners had not so largely depended on it.

The history of U.S. white-collar fraud

Last December, Mr Goodman, who ran the company's daily operations, was sentenced to 12 years' imprisonment and Mr Weissman to 10 years'. Five vice-presidents of the company also pleaded guilty to fraud charges. The Public Prosecutor said that the crime was one of the largest white-collar frauds in the history of the U.S. Using forged or altered documents, and often referring to equipment that did not exist, OPM defrauded lenders, making them provide over $200m for the purchase of computer equipment leased by OPM to Rockwell International. Some repayments were made but, according to the trustees, the creditors lost $130m.

Investigations conducted last year by the trustees' counsel revealed that during the last three months of its association with OPM, Singer Hutner knew at least about frauds perpetrated previously, after the main operator, Mr Goodman, confessed to them. He told Singer Hutner that creditors could not be repaid as he could not raise enough money, yet the lawyers continued to accept his assurance that current transactions were honest because "he never lied to us." Their own description of the events raises the question whether they were sufficiently diligent in trying to establish whether any fraud continued after Mr Goodman's confession.

"We had spent a lot of time putting gentle but firm pressure on Goodman and Lawler (Mr Goodman's personal lawyer) to make disclosure, and were getting nowhere." When Singer Hutner stepped up pressure Mr Goodman threatened to jump out of a window but later told the prosecutor that "he had put on the performance just to keep the lawyers in their place."

Mr Goodman's first revelation of his past wrongdoings was probably prompted by the fact that Mr John Clifton, OPM's chief financial officer, had learned of the matter and planned to resign the next day. He wrote to Mr Reinhard—the partner in the law firm who was also a director of the company—to inform him about his discoveries, but Mr Goodman obtained the letter under circumstances which are not quite clear.

According to one version, Mr Goodman took the unopened letter from Mr Reinhard's hands; according to another, Mr Reinhard gave him the letter saying: "I can't see this." In any case, Mr Reinhard resigned from the OPM board soon afterwards, mainly it seems because his presence there might have deprived him of the lawyer's privilege to keep silent.

There was also a third channel through which Singer Hutner received additional information. When Leyman Brothers Kuhn Loeb Incorporated demanded a complete financial audit of OPM, Mr Marvin Weissman—an accountant who advised OPM for many years but had resigned in the spring of 1980—was brought in. On that occasion he told Mr Hutner that an OPM vice-president had said that the frauds involved not $4m to $10m as had been assumed, but $30m to $40m and that he himself had resigned after learning from Mr Goodman about the fraud.

In the meantime, Singer Hutner turned for moral support and guidance to other lawyers. After Mr Goodman confessed to past frauds, in June 1980, the lawyers asked Mr Joseph M. McLaughlin, then dean of Fordham University School of Law and now a federal district judge, for advice. Mr McLaughlin apparently told them that he was an expert on evidence and not on professional conduct. He suggested that they retain Henry Putzel III, a New York specialist in that field. They did so, expecting that Mr Putzel would consult Mr McLaughlin. In this way, Singer Hutner obtained advice on ethics from outside lawyers who relied on the firm to tell them what the trouble was as they had neither the necessary skill nor insight to understand the financial transactions.

In the absence of contrary evidence

Mr Putzel's subsequent testimony revealed the assumptions on which his advice was based: his first and fundamental concept was that the attorney was not the "policeman" of his client but the client's agent and representative. He should not do blindly whatever the client said, but in the absence of evidence to the contrary he was entitled to believe what his client told him. And so, even after Mr Goodman's confession, Singer Hutner accepted his assurance that the new business it was handling was not fraudulent. Only when Mr Goodman gave them details of frauds in early September 1980 did Mr Putzel advise that it would be insufficient to rely on Mr Goodman's certifications that the documents were correct and genuine.

Looking back, it must seem to the lawyers involved in this sorry tale that they had relied too much on Mr Putzel's advice that an attorney is obliged to trust his client; and that they perhaps neglected their obligation not to disappoint the trust of other parties that any transaction processed by a lawyer is above board.

Mareva living expenses must be reasonable

PCW (UNDERWRITING AGENCIES) LIMITED v DIXON

Queen's Bench Division (Commercial Court): Mr Justice Lloyd: January 20, 1983

A PERSON whose assets are frozen by Mareva injunction pending trial of an action against him, is entitled to draw expenses to maintain his normal standard of living; and it is an abuse of the Mareva jurisdiction if the plaintiff exerts pressure on him to settle by putting forward an unrealistically low figure for living expenses.

Mr Justice Lloyd so held when granting an application by Mr Peter Stephen Dixon for variation of a Mareva injunction obtained against him *ex parte* by PCW (Underwriting Agencies) Ltd by which Mr Justice Mustill ordered that he be allowed living expenses not exceeding £100 a week.

* * *

HIS LORDSHIP said that PCW managed the underwriting business of numerous Lloyd's syndicates. Mr Dixon, its chairman, was a member of Lloyd's and a wealthy man.

PCW said that its reinsurance profits from 1975 to 1980 accrued to six reinsurance companies in Gibraltar. It alleged that Mr Dixon had a beneficial interest in those companies and had made secret profits out of PCW's affairs.

On December 3 1982 Mr Justice Mustill, on the *ex parte* application of PCW, made an order against Mr Dixon. By paragraph 1 he granted a Mareva injunction freezing the whole of Mr Dixon's assets in the UK, save that he was entitled to draw reasonable living expenses not exceeding £100 per week.

By paragraph 3 Mr Dixon was ordered to disclose within 14 days the identity and whereabouts of all his assets derived from the reinsurance premiums.

By the present application Mr Dixon sought a variation of the order under paragraphs 1 and 3.

In *Z v A-Z [1982] 2 WLR 288* Lord Justice Kerr, at page 308-309, drew attention to the importance of plaintiffs in Mareva applications ensuring that the order should be in appropriate terms.

It must have been obvious to PCW that the terms for the order were inappropriate. It had no ground for thinking that Mr Dixon would be likely to remove his assets from the jurisdiction other than the nature of the case. One would have thought that it would have been able to agree sensible and appropriate terms by way of variation of the order. Unfortunately that was not the case.

On December 15 Mr Dixon's solicitors had requested of PCW that he be allowed £1,000 a week instead of £100. They said he needed £750 for himself and family, £250 a week for nursing his mother, and that substantial sums were due to the Inland Revenue. They also asked to be allowed £50,000 on account of their own costs.

PCW did not reply and Mr Dixon was left with £100 a week.

Mr Dixon's affidavit, in support of the present application, showed that he had a pressing need to pay bills amounting to £27,404. He had a flat at the Grosvenor House Hotel, five children to educate, and other general expenses. The affidavit appeared to be candid and truthful, and the figures were not challenged.

What was the correct approach for the court in such circumstances?

In the *Angel Bell [1982] 2 WLR 488* Mr Justice Goff held that it was consistent with the policy underlying the Mareva jurisdiction that a defendant should be allowed to pay his debts when they fell due.

*

The purpose of the jurisdiction was not to secure priority for a plaintiff; still less to punish a defendant. The sole purpose was to prevent a plaintiff from being cheated out of the proceeds of his action, should it be successful, by the defendant's transferring his assets abroad or dissipating his assets.

It could not be said that Mr Dixon was dissipating his assets by living as he had always lived, and paying bills such as he had always incurred. The Mareva injunction was never intended to prevent such expenditure or to produce the consequences that would inevitably follow.

The court was concerned as to why the figure of £100 had ever been put forward by PCW in the first place. It must have known that £100 was wholly unrealistic if Mr Dixon were to maintain his standard of living.

*

If its real purpose was to exert pressure on Mr Dixon to settle the action, then the case fell within one of the two abuses mentioned by Lord Justice Kerr in *Z v A-Z* ["... where its real effect is to exert pressure on the defendant to settle the action ..."]

Until the matter was tried, PCW was not entitled to exercise undue pressure. That was what it had been doing. It must have known that if the figure of £100 were maintained it could only result in Mr Dixon's capitulation.

Mr Chambers, for PCW, submitted that there was a fund which, in equity, belonged to the members of the syndicates, and that PCW was entitled to restrain Mr Dixon from using other people's money to meet his bills or pay for his defence, even though his own money might be mixed with it.

In support of that argument he relied on ABC *(No. 1) [1981] 2 WLR 629, Bankers Trust [1980] 1 WLR 1273 and Chief Constable of Kent [1982] 3 WLR 462.*

It was doubtful that PCW could bring the case within that wider jurisdiction. In *ABC (No. 1) and Chief Constable of Kent* (which was the strongest authority in favour of the submission), the claim related to specific identifiable bank accounts, not to the whole of a man's assets.

Even if the whole of Mr Dixon's assets could be regarded as a trust fund, the court would be unwilling to uphold the order on that basis. All injunctions were discretionary. In his Lordship's view it would be unjust if Mr Dixon were compelled to reduce his standard of living, give up his flat, or take his children from school, in order to secure what was, as yet, only a claim by PCW. It would be even more unjust that he should be prevented from defending himself.

Whether the case was put on the basis of the Mareva injunction or a jurisdiction to trace in equity, the same conclusion was reached.

Mr Chambers submitted that the injunction should be maintained at least until Mr Dixon had disclosed what part of his assets could be traced to the original reinsurance premiums.

There was no merit in that submission. Tracing back the assets would be one of the main issues to be investigated at the trial. It would be a task of great complexity. There was no reason why Mr Dixon should be required to do that work on PCW's behalf at the present stage.

Mr Dixon was not being difficult or evasive. He was prepared to co-operate, while preserving his right to defend himself. He was entitled to the variation sought in respect of paragraph 1.

*

He had admittedly failed to comply with paragraph 3. On the face of it that paragraph went beyond anything ordered by a court before at so early a stage in the proceedings.

The first step of the tracing process was to identify the reinsurance premiums in question. That depended on the documents, all of which were in PCW's possession, or within its access.

In those circumstances it was for PCW to start the tracing process by identifying the relevant premiums. Thereafter Mr Dixon would make the tracing process through the next stage in accordance with the order, but with a time limit extended to three months from when PCW identified the premiums. Paragraph 3 was varied accordingly.

Judgment for Mr Dixon.

For PCW: Nicholas Chambers and Stephen Ruttle (Clifford-Turner).

For Mr Dixon: Charles Gibson (Kingsley Napley & Co.).

By Rachel Davies
Barrister

INTERNATIONAL CAPITAL MARKETS

North American quarterly results

EUROBONDS

$40m convertible bond issue by Hanson Trust withdrawn

BY PETER MONTAGNON IN LONDON

THE INDIGESTION produced in the Eurobond market by an excessive burden of new issues saw its first casualty yesterday when the $40m, 15-year convertible issue for Hanson Trust was withdrawn.

The bond has been doubly hit this week by the weakness of both the Eurobond market and intensified pressure on the pound amid fear of lower oil prices.

Yet Hanson's decision to withdraw its issue came, ironically, on a day when dealers also reported that some of the billions of dollars of unplaced new bonds were slowly beginning to move at the lower prices established this week.

No-one pretends that all this paper can be placed easily or quickly, and while some demand was evident for both partly paid and fully paid issues yesterday, the market showed little overall change in rather quiet trading.

A lively features was, however, zero coupon issues. These rose by around ¾ points on the day following reports from Tokyo that the ban on sales of zero coupon issues in Japan would be lifted next Tuesday.

The reports, which were not confirmed by the Japanese Finance Ministry, said that sales of such bonds would continue to be restricted with no more than one-third of any issue eligible for placement in Japan and no more than 10 per cent to be sold through any single securities firm.

In Germany the Council of Europe is raising DM 160m thorugh a 10-year 7⅞ per cent issue priced at 99½ per cent by lead managers BHF-Bank. Details of a DM 100m issue for Canadian Imperial Bank of Commerce, also scheduled for yesterday, were still awaited last night.

Hospital Corporation of America is raising SwFr 100m through a 10 year issue with an indicated yield of 5¼ per cent and led by Swiss Bank Corporation. Priced in Switzerland yesterday was the SwFr 100m, 10-year bond for Caisse Nationale des Telecommunications. The bond was given a 5½ per cent coupon and par issue price by lead manager UBS.

WEEKLY U.S. BOND YIELDS (%)

	Jan. 26	Jan 19	1982-83 High	1982-83 Low
Composite Corp. AAA	11.89	11.27	15.19	10.33
Composite Corp. AA	11.81	11.55	15.83	11.12
Government:				
Long-term	10.87	10.60	14.32	10.12
Intermediate	10.26	9.96	14.58	9.91
Short-term	9.01	9.23	14.57	9.23
Municipal	9.60	9.28	13.34	9.18
Industrials AAA	11.39	11.04	14.78	10.55
Industrials AA	11.82	11.43	15.13	10.46
Utilities AAA	11.81	11.50	15.59	11.11
Utilities AA	12.00	11.67	16.13	11.39
Preferred Stocks	11.15	11.18	13.35	10.71

Source: Standard & Poor's

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 27.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	100	100½	0	−1	11.35
Amex O/S Fin 14¼ 89	75	100½	100¾	+0¼	−0⅝	11.95
Amro Bank 13 88	200	105¼	105¾	0	−0¾	11.75
BHP Finance 14⅛ 89	150	105¾	106¼	+0⅛	−2	13.24

	Issued	Bid	Offer	Change on day	Change on week	Yield
New Zealand 8½ 87	15	105½	106½	+0¼	−1⅛	8.97
World Bank 8½ 92	20	103⅞	104⅝	+0⅛	−1⅜	7.78

Av. price changes: on day 0; on week −1⅛

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tokyo Metropolis 5⅜ 92	100	101	101¼	−0½	−0⅝	5.22
World Bank 5½ 93	100	102	102¼	+0⅛	+0⅝	5.22
World Bank 8⅛ 92	100	104¾	105	−0⅛	−0⅛	5.58

Av. price changes: on day −⅛, on week −½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105½	105⅞	+0⅛	−2	7.79
E.I.B. 8⅛ 92	15	102⅞	103⅝	−0⅛	−2	7.74
Japan Airlines 7⅞ 87	8†	100¼	100¾	0	−1¾	7.72

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION III CONTENTS

WORLD STOCK MARKETS 30
COMMODITIES 31
OPTIONS 32
UNIT TRUSTS 32–33
LONDON STOCK EXCHANGE 34–35
CURRENCIES 36

Copper prices at 17-month high, Page 31

WALL STREET

Inklings of an upturn boost prices

BLUE CHIP stocks led a powerful rally on the New York Stock Exchange yesterday. It began steadily in light trading during the morning, but attracted heavy buying after midsession and left the Dow Jones industrial average up 25.66 at 1,063.65 by the close, its highest level of an eventful day, *writes Duncan Campbell Smith in New York.*

Volume rose above the level of the two previous session to 88.12m shares.

Market leaders included General Motors, which announced the recall of 21,400 hourly workers and appeared to provide timely evidence of a recovery in the U.S. economy, analysts said. The stock closed up $2⅝ at $60⅛.

A second key participant in the rally which swept aside another string of depressed earnings results was American Telephone and Telegraph. The company had its own setbacks to report, with major workforce reductions in its Western Electric subsidiary and earnings per share for 1982 down marginally from $8.47 to $8.40. But the stock closed at a record high of $70, up $1⅞ on a trading volume of 2.56m shares.

Xerox, another heavily traded stock, moved in the opposite direction after reporting net income down nearly 30 per cent for 1982 with earnings per share at $5 against $7.08. The company also announced that 1983 would be another year of restructuring with little or no improvement in operating income. Xerox's shares closed down $1⅛ at $36⅞.

Other technology stocks were strong, particularly IBM which rose $2⅛ to $97⅝. Sperry Rand which rose $1⅞ in heavy trading on Wednesday was again active and rose another $2⅛ to $38⅛.

Other principal gainers included J. C. Penny, up $3¼ to $50; General Electric, up $2½ to $95¾; and several of the leading consumer stocks. Disney closed up $1 at $67⅞ after 1m new shares had been distributed on its behalf by Morgan Stanley at $66⅞.

The bond and money markets were described as very quiet by traders following Wednesday evening's announcement of the Treasury $14.5bn funding programme for next week. Federal Funds traded at 8⅛ per cent bid and there was little movement in the bill market.

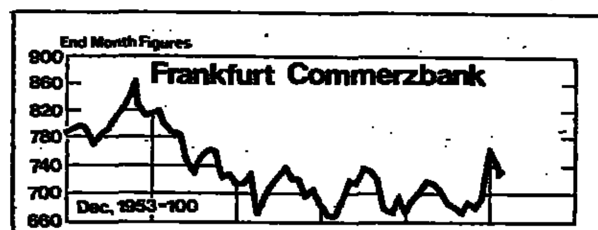
Government bonds which had rallied sharply on Wednesday evening, attributed to short-covering after a bout of heavy selling earlier in the day – moved lower again yesterday though staying above the levels of the previous afternoon.

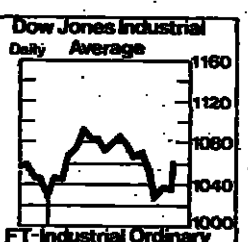
The 10½ per cent notes due 1992 traded around 99⅞ to yield 10.63 per cent and the 10⅜ per cent due 2012, which will be reopened next week, around 95⅝ to yield 10.81 per cent.

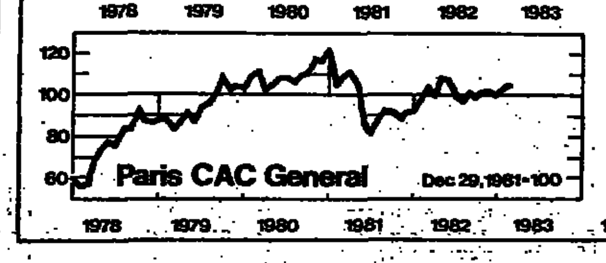
Traders indicated a good level of demand in prospect for the Treasury's new three-year notes but suggested that yields nearer 10⅛ per cent and 11 per cent respectively might be required to stimulate retail interest in the 10 and 30-year securities on offer. Speculation about the timing of another discount rate cut by the Federal Reserve had given way, they said, to a new outlook more concerned with the upward pressure on interest rates.

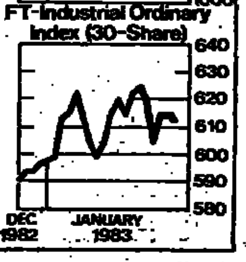
An early advance in **Toronto** widened progressively as the session developed. Golds led the way but metals, oil and gas, and forestry issues all performed well. Banks showed signs of weakness in **Montreal**, however.

KEY MARKET MONITORS









STOCK MARKET INDICES

	Jan 27	Previous	Year ago
NEW YORK			
DJ Industrials	1063.65	1037.99	842.66
DJ Transport	459.10	448.94	340.17
DJ Utilities	123.85	123.39	105.36
S&P Composite	144.27	141.54	115.74
LONDON			
FT Ind Ord	611.6	614.4	537.8
FT-A All-share	389.10	390.0	326.28
FT-A 500	421.60	423.82	347.15
FT-A Ind	395.21	396.43	315.13
FT Gold mines	639.2	627.3	284.8
FT Govt secs	77.16	77.55	64.65
TOKYO			
Nikkei-Dow	7,942.32	7,962.51	7,926.55
Tokyo SE	580.98	582.92	583.29
AUSTRALIA			
All Ord.	536.4	537.3	541.0
Metals & Mins.	483.5	483.5	382.3
AUSTRIA			
Credit Aktien	49.53	49.48	55.15
BELGIUM			
Belgian SE	105.01	105.0	89.43
CANADA			
Toronto			
Composite	2014.0	1984.8	1717.4
Montreal			
Industrials	343.75	340.04	293.87
Combined	330.08	327.48	280.73
DENMARK			
Copenhagen SE	103.75	102.92	96.45
FRANCE			
CAC Gen	104.00	103.9	105.90
Ind. Tendance	107.20	107.0	
WEST GERMANY			
FAZ-Aktien	244.47	244.22	225.19
Commerzbank	736.70	735.6	688.1
HONG KONG			
Hang Seng	884.19	880.74	1405.23
ITALY			
Banca Comm.	184.19	182.84	190.18
NETHERLANDS			
ANP-CBS Gen	103.4	104.0	87.4
ANP-CBS Ind	88.9	89.7	68.5
NORWAY			
Oslo SE	124.08	118.33	116.41
SINGAPORE			
Straits Times	767.82	761.51	777.82
SOUTH AFRICA			
Golds	1024.3	1026.3	540.0
Industrial	815.4	818.9	703.7
SPAIN			
Madrid SE	100.85	100.33	104.39
SWEDEN			
J & P	1007.26	987.57	635.58
SWITZERLAND			
Swiss Bank	297.30	298.1	254.1

GOLD (per ounce)

	Jan 27	Prev
London	$495.00	$486.50
Frankfurt	$496.50	$486.25
Zürich	$496.50	$487.50
Paris	$494.77	$492.63
New York futures (Feb)	$496.00	$491.30

* *Indicates latest pre-close figure*

CURRENCIES

	U.S. DOLLAR Jan 27	U.S. DOLLAR Previous	STERLING Jan 27	STERLING Previous
£	1.5375	1.5460	–	–
DM	2.4250	2.4280	3.73	3.75½
Yen	235.10	235.50	361½	364¼
FFr	6.8675	6.8775	10.55¼	10.63
SwFr	1.9850	1.9800	3.05¼	3.07¾
Guilder	2.6875	2.6710	4.10	4.13
Lira	1399½	1394½	2150½	2156
BFr	47.74	47.48	73.40	73.40
C$	1.2355	1.2370	1.8980	1.9115

INTEREST RATES

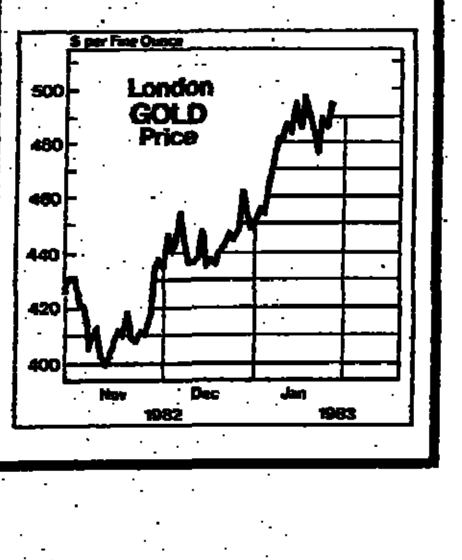
	Jan 27	Prev
Euro-currencies (three month offered rate)		
£	11⅝	11⅜
SwFr	3	2¹⁵⁄₁₆
DM	5⁹⁄₁₆	5⁹⁄₁₆
FFr	20¼	19¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9⁹⁄₁₆
6-month U.S.$	9¹¹⁄₁₆	9⁷⁄₁₆
U.S. Fed Funds	8⅛	8⅜
U.S. 3-month CDs	8.80	8.65
U.S. 3-month T-bills	7.99	8.04

FINANCIAL FUTURES

Jan 26	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	74–09	74–12	73–17	73–24
U.S. Treasury Bills (IMM) $1m points of 100%				
March	92.01	92.03	91.47	91.89
Cert Deposit (IMM) $1m points of 100%				
March	90.93	90.96	90.80	90.88
LONDON	Latest	High	Low	Prev
Three-month Eurodollar $1m points of 100%				
March	90.55	90.57	90.46	90.62
20-year Notional Gilt £50,000 32nds of 100%				
March	98–04	98–21	97–29	98–22
Three-month Sterling Deposit £250,000 points of 100%				
March	88.92	88.94	88.87	89.03

LONDON COMMODITY MARKETS

	Jan 27	Prev
Silver (spot fixing)	856.9p	838.9p
Copper (Cash)	£1034.75	£1016.50
Coffee (March)	£1713.50	£1689.50
Oil (spot Arabian light)	$29.57	$29.57



LONDON

Sterling inhibits sentiment

STERLING and political doubts restrained the premier investment sectors of London stock markets yesterday, and equity sentiment was affected additionally by persistent speculation concerning the presence of potentially large sellers.

The loose talk unsettled many sectors with the result that interest was once again diverted to speculative and situation issues. Helped by "new-time" demand, many again scored impressive gains, while leading shares drifted lower as end-account influences came into play.

The FT Industrial Ordinary share index was 5.6 down at 2pm, but early Wall Street advices and the announcement of healthy UK trade figures reversed the trend near the close to leave the index a net 2.8 off at 611.6.

Gilt-edged investors became nervous about the renewed downturn in sterling and the market initially ran into selling. Selected medium and long-dated gilts lost three quarters before steadying in a particularly quiet afternoon session and then hardening after hours.

A placing of 5.6m shares was completed in RIT and Northern at around 178p, but after Wednesday's placing of 2.5m GEC shares, it was being suggested that a separate vendor was seeking a bid for another 20m shares of the electrical giant. Britoil came under renewed pressure amid talk of big deals and further offerings from underwriting sources.

Oils generally remained friendless in the face of the threat of lower crude prices. Most quotations, however, closed a couple of pence above the worst, BP ending 6p off at 314p and Shell similarly lower at 408p. Among the speculative issues, Candecca closed 15 higher at 155p on hopes of a bid from Sceptre Resources.

A broad advance throughout mining markets was highlighted by a further rush of speculative buying of the junior Australian gold stocks.

Carr Boyd continued to race ahead following the high gold drill values reported at the Harbour Lights prospect at Leonora, Western Australia, with the shares finally 24p up at 144p for a two-day leap of 90p.

The remaining gold speculatives provided a host of firm spots, while leading issues showed Gold Mines of Kalgoorlie 10p firmer at 720p and Central Norseman a like amount to the good at 615p.

AUSTRALIA

Explorers gain

SPECULATIVE gold issues performed best in a **Sydney** session otherwise dominated by concern over the direction of interest rates and Wall Street's erratic performances in recent days.

Buying interest centred on news of test drilling results at the Harbour Lights prospect in Western Australia, benefiting explorers such as Carr Boyd, Hill Minerals, and Aztec.

Mining leaders finished with a weaker bias in active dealings – CSR was 10 cents off at A$3.05 and BHP eight cents at A$7.04, but North Broken Hill managed a 10 cent improvement to A$2.80.

Active but scattered **Melbourne** trading left leading resource issues easier.

SOUTH AFRICA

Golds nervous

A RECOVERY in the bullion price did not prove enough to provide **Johannesburg** gold shares with their customary rally in line, and losses in the sector outnumbered gains by about two to one.

Heavyweight Southvaal shed R1 to R73, but President Steyn firmed a further 25 cents for a two-day rise of R2 to R72. Elsewhere De Beers and Impala Platinum were 25 cents each to the poorer at R8.90 and R11.90 respectively while Anglo-American declined 40 cents to R23.10.

In mixed industrials Sappi, the paper producer, firmed 25 cents to R12.25 ahead of its annual results.

FAR EAST

Yen respite proves all too brief

AS THE yen once more turned lower against the dollar yesterday, so did the **Tokyo** stock exchange as profit-taking ate into gains achieved in the market's sharp upturn on Wednesday.

The Nikkei-Dow Jones market average shed 20.19 to finish at 7,942.32 on an improved volume of 550m shares against the 430m which had left the average nearly 160 points stronger the day before. This had gone some way towards correcting the near-400 point slide over the past two weeks, but dealers had been wary of identifying a sustained resurgence.

Incentive-backed issues performed best yesterday, with Keisei Electric Railway – volume leader on 53.45m shares traded – ending Y29 ahead at Y287. Also on the actives list were Nissan Chemical, up Y14 at Y280, and Nikkatsu, up Y18 at Y203.

Non-ferrous metals, prominent in Wednesday's rally, also did relatively well again. Mitsubishi Metal added Y29 to Y469 and Mitsui Mining and Smelting Y10 to Y580, both in active trading.

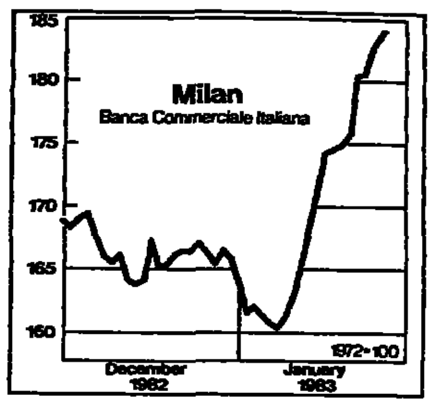
Leading the falls were international populars such as Sony, off Y80 to Y3,390, and Hitachi, down Y15 to Y787. Sanyo, which later reported unconsolidated net income 3.1 per cent ahead at Y24.69bn in the year to November, eased Y4 to Y436.

Car makers weakened, with Nissan down Y22 to Y761 and Toyota Y9 to Y981. Jama, the country's manufacturers' association, later reported a 7.6 per cent decline in vehicle exports for last year, the first drop since Japan began full-scale deliveries overseas more than 20 years ago.

Properties were a feature in **Singapore**, where UOL warrants continued to lead the market and the company's regular stock ended six cents firmer at S$3.16 amid rumours of a site sale which would significantly strengthen earnings. Singapore Land rose 10 cents to S$7.15.

Tin issues ended several cents off their previous closing levels, banks showed little movement, but hotels and commodities generally moved higher. The Straits Times index added 6.31 to 767.82.

Prices in **Hong Kong** closed steady as light overseas buying gave way to profit-takers by midsession, with the afternoon providing consolidation but little direction either way. Brokers noted a broad base of support developing around the 875 mark of the Hang Seng index short of any fresh factors. The index yesterday ended 3.98 up at 884.72.



EUROPE

Selling hits steels in Frankfurt

STEEL shares came under speculative selling pressure in **Frankfurt** yesterday as operators began to take a more sceptical view of the far-reaching reorganisation package proposed this week by a panel of independent experts appointed to examine the state of the industry.

Klöckner dipped DM 4.50 to DM 46.50 despite a company forecast of an operating loss for the year to September 1982 considerably lower than the previous DM 300m. Hoesch, with which it would amalgamate under the plan, held up better, unchanged at DM 33.70.

Thyssen fell DM 3.90 to DM 66 but Krupp, its putative partner, firmed 50 pfg to DM 61. Other metals were mixed, with Preussag off DM 3 to DM 210 but Metallgesellschaft up 50 pfg to DM 227.50.

The performance of the chemicals sector reflected the cautious optimism of comments by Herr Herbert Grunewald, president of the industry association VCI, at a press conference yesterday. He said production had stabilised at the turn of the year, albeit at a low level, and since November exports and incoming orders had begun to rise.

There was still no clear data pointing to a recovery, he stressed. BASF eased 70 pfg to DM 117.30 and Bayer 50 pfg to DM 112.30 but Schering edged 50 pfg upward to DM 299.

Banks took the lead in another healthy day's buying in **Milan**, and most industrials also succeeded in consolidating the gains which have followed the week-end accord limiting indexed wage rises.

Dealers reported support action by the banks themselves in an effort to provide an added attraction to the conversion of bonds into equity, an operation which several of the institutions are to get under way early next month. Banca Commerciale Italiana ended L1,100 ahead at L33,600 and its index for the broader market put on 1.35 to 184.19.

Banks also did well in an overall steady day in **Paris**, but properties and other financials fell back and some resistance was encountered in electricals which had featured on Wednesday.

Swissair in **Zurich** lost SwFr 8 of a SwFr 13 gain the previous day to settle at SwFr 745 as volume leader. Scattered gains among industrials punctuated an otherwise mixed and indecisive session, with a lower bias by the finish.

The bond market, by contrast, closed very steady in active trading with foreign issues well supported.

Moderate **Brussels** trading left values mixed with a slightly stronger foreign sector. Petrofina fell BFr 80 to BFr 4,710 but its Canadian and American equivalents rose.

Dutch internationals managed to stem a selling trend in late dealings in **Amsterdam**. KLM, down Fl 2.50 at one stage, ended just one guilder lower on the day at Fl 148. Philips and Akzo pushed upward against the trend.

A technical reaction in **Madrid** enabled stocks there to improve somewhat in quiet trading. Electricals performed well. A stronger picture also resulted in **Stockholm.**

WORLD STOCK MARKETS

DENMARK

Jan. 27	Price %	+ or —
Aarhus Olie	364	+1
Andelsbanken	162.4	
Baltica Skand	325	
CopHandelsbank	191.4	—1
D. Sukkerfab	411	+0.8
Danske Bank	195	—1.4
East Asiatic	69.2	—0.2
Forende Brygg	670	+2.6
Forende Damp	156.4	+8.4
GNT Hldg.	177	—1
I.S.S.B.	262	
Jyske Bank	297	
Novo Ind	2050	
Privatbanken	166.4	—1.6
Provinsbanken	159.4	—1.2
Smidth (F.L.)	171.6	—4.8
Sophus Berend	569.4	—0.2
Superfos	100.4	

FRANCE

Jan. 27	Price Frs.	+ or —
Emprunt 4½% 1973	2,190	+1
Emprunt 7% 1973	9,395	+55
CNE 3%	3,045	+20
Air Liquide	423	—1
BIC	410	—4
Bouygues	737	—6
BSN Gervais	1,339	
CIT Alcatel	646	—3
Carrefour	1,342	—19
Club Mediter	514	—4
CFAO	466	—3.8

HOLLAND (continued)

Jan. 27	Price Frs.	+ or —
Gist.-Brocades	124	—2.5
Heineken	104.8	+0.3
Hoogovens	16.9	—0.4
HunterDouglas	11.5	—0.4
Int Muller	19.6	
KLM	145	—1
Naarden	26.5	—0.1
Nat Ned cert	124.2	—0.8
Ned Cred Bank	25.5	—0.3
Ned Mid Bank	114	—2
Ned Lloyd	92	—2.4
Oce Grinten	182.2	—2.8
Ommeren(Van)	20	+0.2
Pakhoed	40.8	
Philips	31	+0.3
Rijn-Schelde	12.5	—0.1
Robeco	251.5	+0.5
Rodamco	125	+0.3
Rolinco	237	+1
Rorento	183	+1.2
Royal Dutch	92.7	—0.1
Stevenburgs	75	—0.8
Tokyo Pac Hg	225	
Unilever	192.7	—0.6
Viking Re	106	—2
Vmf Stork	61.6	—0.3
VNU	68.5	—0.3
West Utr Bank	89.7	+1.2

ITALY

Jan. 27	Price Lire	+ or —
Banca Com'le	35,600	+1100
Bastogi IRBS	168.0	—6.4
Centrale	2,270	+70

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Financial Rand U.S.$0.76½ (Discount of 18½%)

COMMODITIES AND AGRICULTURE

EEC wins Canadian fishing rights

By Larry Klinger in Brussels

EUROPEAN fishermen will get an interim catch quota in Canada's most lucrative waters this year. But most licences will be withheld until Europe opens up its markets to Canadian cod.

"We were not satisfied in 1982 with our access to European markets," said Mr Allan MacEachen, Canadian foreign minister.

Canada was particularly concerned that Britain, its traditional market, took only its required minimum 12 per cent of the total exports available. Britain has now agreed to take at least 52 per cent this year.

The announcement will have its biggest impact on the West German trawler fleet now operating in Canadian waters.

Under the Long Term Fisheries Agreement between the two sides, the EEC is granted fishing rights—primarily for German trawlers—in return for accepting Canadian fish product imports at preferential tariffs.

Herr Wilhelm Haferkamp, one of the two West German commissioners, welcomed the Canadian move, saying that the German trawlers could now follow the Canadian fishing migration into areas from which they had been barred.

Mr MacEachen said that, because Canada was prepared to be flexible on the fishing licenses, this again demonstrated that his Government was not linking the issue with the West German decision in principle to ban imports of baby seal skins if measures were not taken at EEC level.

The seal "harvest" has become an important environmental issue in the West German election campaign. West German fishermen had feared that Canada was witholding fishing licences mainly to bring pressure over the seals question.

Copper prices reach a 17-month high

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose to the highest level for 17 months on the London Metal Exchange yesterday, following the sharp rise in gold and the renewed weakness of sterling.

The market was also boosted by Kennecott, the leading U.S. copper producer, lifting its domestic selling price by 2 cents to 79 cents per pound, although Asarco later went up by only 1 cent to 78 cents.

The main influence encouraging speculative buying interest, however, was the rise in in gold by $8.5 (£5.50) to $495 an ounce. The sterling price of free market platinum jumped by £8.85 to £308 an ounce, its highest level since March 1980. But the dollar price at $474 an ounce, $11.5 higher, is still below the peak of more than $479 earlier this month.

The London bullion spot price of silver was marked up by 19.5p to a 27-month high of 858.4p an ounce at the morning fixing.

Base metals were all higher too. Cash tin rose £44.5 to an 11-month peak of £7,972.5 a tonne as the buffer stock of the International Tin Council continued its efforts to push London values closer to the Straits tin price in Penang. Aluminium rose to a 29-month high, gaining £12.5 to £726 a tonne.

Fairly modest increase for base metal prices, and higher rises for precious metals (as indicated in the table) are predicted in the Annual Metals Review, issued yesterday by Hargreaves and Williamson.

Mr David Hargreaves commented that, with hindsight, the forecasts prepared some weeks ago were probably overcautious, especially on the possible highs.

BASE METALS (Cash price per-tonne)	Average	1983 ESTIMATE High	Low
Aluminium	£650	£750	£575
Copper	£950	£1,100	£850
Lead	£340	£400	£275
Nickel	£3,100	£3,400	£1,950
Tin	£8,200	£8,750	£7,395
Zinc	£450	£500	£375
PRECIOUS METALS (Spot price per troy ounce)			
Gold	$525	$600	$350
Platinum	$440	$600	$330
Silver	$13.50	$18.00	$9.00

Boost from declining £

THE DECLINE in sterling yesterday also helped boost prices of "soft" (non metal) commodities in London, writes John Edwards.

On the robusta coffee futures market, the March position reached the highest level for 2½ years, gaining £24 to £1,713.5 a tonne. The shortage of immediately available supplies was emphasised by the January position jumping by £42 to £2,040.

May futures on the cocoa market rose by £11 to a 15-month high of £1,244.5 a tonne, while the April position on the natural rubber futures contract advanced by £16 to £590 a tonne.

Sugar prices also rose, with the London daily price up by £2 to £110 a tonne,

Esbjerg bacon exports resume

By Hilary Barnes in Copenhagen

NORMAL EXPORTS of bacon from the West Jutland port of Esbjerg are expected to return to normal today, as striking dockers return to work. Bacon exports to Britain have been disrupted by the strike since early January, but exports have been maintained from Haburg and other continental exits. The Esjberg-Harwich ferry service suspended two weeks ago will resume of February 2.

● MALTESE farmers have suspended their strike to allow negotiations on a new pricing formula between the farmers' association and Mr Freddie Micallef, Agriculture Minister. Prospects of agreement are good, says the farmers' association.

● TURNOVER last year of the Paris white sugar futures market roose 17.9 per cent over 1981 to 12.89m tonnes.

● CHINA'S embargo on soyabean imports fro mthe U.S. is not expected to have a major impact on U.S. exports, says the U.S. Agriculture Department.

● SOVIET measure to improve spring sowing include ensuring adequate fuel and spare parts for farm machinery, and extra finance if necessary.

● THE area planted in sugar cane in Pakistan is estimated at 882,000 hectares, down from 946,200 hectares in 1981-82.

● THAI sugarcane production is expected to drop to 20m tonnes from 31m tonnes last year. The decline is blamed on neglect of sugarcane fields by planters because of depressed prices.

● THE 1983 Futures Markets Conference will be held in London on March 1-2. Details from Institute for International Research, 57 Mortimer St., London W1.

● 348,591 inseminations from dairy bulls were carried out in Milk marketing Board areas between October and December.

Farmer's viewpoint: John Cherrington feels spring in the air despite mud around his ankles

COMPARED with last year's miseries, this winter has been most benevolent to my farming. There has been no snow and l ittle frost. True, the autumn was one of the wettest on record—frustrating those who had sugar beet and potatoes to lift—making the autumn sowing of wheat and winter barley a messy affair.

But in spite o fthe bad winter, last year's harvest was a record in many areas, although at one time the growing crops looked as though they would hardly make it. This time, though, they are better than I have seen them for many years and are obviously growing well.

They are not yet at the state described as winter proud—that is, up to ankle height. But the yare a good green colour and are tillering well. Throwing out fresh shoots while still lying at ground level. Each of these shoots produce a seed head and they are doing this better than I have seen for many years.

The absence of tillers had been attributed to the new attributed to the new breeds of wheat which we were told did not have this facility. The propaganda suggested that for a high yield demanded rather thicker seed rates than were needed previously.

The source of this propaganda is the informal alliance of seed producers, chemical companies and the like, who fill farmers' postbags with free and unsolicited advice.

The basis of modern economis farming is knowing just how much of this avalanche of advice can be disregarded without harming the final profit. This, after all, is what farming is all about.

There is, of course, no guarantee that these promising crops are going to yield as well as those that were looking so miserable at the same time last year.

The sheep have benefited even more from the mild weather. The grass has kept growing and I have not yet had to go on to full-time hay feeding. (Normally, I start hay during the last week in December.) Autumn grazing was such that the sheep are in extremely good condition, almost too fat for six weeks before the start of the lambing season.

This sounds contradictory but it is founded on bitter experience. Many years ago, I had one flock in equally good condition eating a field of kale. A sudden Arctic spell with deep snow effectively killed off the kale and forced me to begin feeding hay plus concentrate to the ewes.

They ate these all right but within a few days they became seriously ill. The symptoms were a sort of coma and they sat about with their heads on one side and took no notice of anything.

None of the local vets had ever seen anything like it but eventually it was diagnosed as pregnancy toxemia, commonly known in the North of England as twin-lamb disease. The cause was the break in the feed caused by the snow and the fact that they were not used to the dry feed that replaced it. Instead, they relied on draining the body fat they had built up previously and this upset their metabolism, particularly if they were carrying twins.

Once it has occurred in a sheep there is little to be done to save it. If it occurs late in pregnancy the ewe will either lamb or abort and will probably recover. Otherwise, losses can be quite heavy.

Last week's drier weather has got some of my neighbours excited and fertiliser distributors and weed sprayers have been busy on the lighter land. My own is largely a heavy clay and I fear putting the weight of the machinery onto it.

When this clay, when damp, is compressed it becomes absolutely impermeable and will set like concrete unless there is a frost.

Wheat 'predators' attacked

BY MICHAEL THOMPSON-NOEL IN CANBERRA

EEC USE of "predatory subsidies" to foster wheat production was attacked yesterday by Sir Leslie Price, Australian Wheat Board chairman.

He also attacked the "aggressive new export measures" adopted by the U.S. and said the board intended to remain competitive in world wheat markets. If necessary, it would seek help from the Australian Government.

Meanwhile, he told the annual Agricultural Outlook Conference, Australia would seek to persuade other major wheat exporters "that their policies and actions are detrimental to wheat growers throughout the world."

The 1982-83 Australian wheat crop is now estimated at 7.7m tonnes, against 15.5m last year. Sir Leslie said yesterday that regular overseas buyers would be allocated supplies according to availability.

Drought in eastern Australia is still damaging farm production, though if conditions improve, the 1983-84 wheat crop is forecast at more than 16m tonnes.

Beef exports are expected to fall by a quarter and the Bureau of Agricultural Economics forecasts a reduction in cattle numbers of 2.1m to 22.4m by March. The national beef herd is expected to reach its low next year.

Mr David Asimus, chairman of the Australian Wool Corporation, told the conference that wool growers must redouble their promotional efforts to counter a sluggish market and the threat from synthetic fibres.

Grain sale to E. Germany

CANADA has sold 1m tonnes of grain to East Germany, says Mr Hazen Argue, Canadian Wheat Board Minister.

Reuter reports that the grain includes 700,000 tonnes of barley and 275,000 tonnes of durum wheat, which will be sold to the Nahrung export-import grain trading agency. It could be the first in a series of large regular sales.

Credits granted

The sale is financed through credits granted to East Germany by the wheat board at commercial rates each time a ship sails from Canada.

The credits carry a Canadian Government guarantee.

Mr Argue, who declined to say how much the sale is worth, said he had every reason to believe the grain would not be passed on to another East bloc nation, such as Poland.

Leslie Collitt, Berlin, adds: East Germany normally imports 2m to 3m tonnes of fodder grain from the West but last year was unable to obtain supplier credits.

East Berlin turned to West Germany for a portion of the lacking grain and bought more than DM 250m (£65m) worth from West Germany last year.

Record harvest

East Germany reported a record harvest in 1982 of more than 10m tonnes of grain and has set a goal by 1985 of eliminating fodder imports.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 27 1983	+ or —	Month ago
Metals			
Aluminium	$810/815		£810/815
Free Mkt.	$1085/1125		$975/1005
Copper			
Cash h grade	£1034.75	+18.25	£932
3 mths	£1066.75	+18.25	£957.75
Cash Cathode	£1008	+18.25	£894.5
3 months	£1038	+11.25	£924
Gold troy oz	$495	+8.5	$454.5
Lead Cash	£304	+3.5	£294
3 months	£316.25	+3.5	£305.25
Nickel	£4384		£4135.5
Free mkt	173-203c	+3	188/198c
Palladium	$123.75	+3.75	‡
Platinum	£306.00	+8.85	£231.95
Quicksilver†	$535-345		$350/360
Silver troy oz	858.40p	+19.5	618.55p
3 mths	880.80p	+19.1	698.55p
Tin cash	£7972.5	+44.5	£7422.5
3 month	£7969	+43.5	£7435.5
Tungsten	$90.21		$102.80
Wolfram 22.04 lb	$78/82		$78/82
Zinc Cash	£461	+7.675	£415.5
3 mths	£466.25	+6.875	£427.75
Producers	$800		$880

	Jan. 27 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$445.00z		$445
Groundnut	‡		$455
Linseed Crude	£332		£308
Palm Malayan	$575w		$375
Seeds			
Copra Philip	‡		$300
Soyabean (U.S.)	$241.25	+1	$236
Grains			
Barley Fut. May	£117.45	+0.15	£114.40
Maize	£147.00y		£144.50
Wheat Fut. May	£126.75	+0.80	£121.20
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1279	+10	£1130
Fut. May	£1244.5	+11	£1107.5
Coffee Ft. Mar	£1713.5	+24	£1502.5
Cotton A. Index	72.55c	—0.1	70.55c
Gas Oil Feb	$249.5	—3.75	$281.25
Rubber (kilo)	57.5p	+1.75	49.75p
Sugar (Raw)	£110xw	+2	£102
Wool'tps 64 kls	394p kilo		372p kilo

‡ Unquoted. w March. y Feb. x Jan-Feb. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	29.40-29.75	—
Iranian Light	27.75-28.75	—0.12
Arabian Heavy	28.00	—
North Sea (Forties)	29.00-29.60	—0.15
Brent	29.00-29.80	—
African (Bonny L'ht)	30.25-31.05	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	287-291	—3.5
Gas oil	256-264	—4.5
Heavy fuel oil	158-161	—1.0

GAS OIL FUTURES

Due to neutrally construed API statistics and weak physical prices the market opened $2.00 lower and continued to drift, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan.	259.00	—4.50	262.00-258.75
Feb.	249.50	—3.75	252.25-248.00
March	245.00	—3.75	245.00-248.25
April	239.00	—3.50	241.00-238.00
May	238.25	—4.00	240.75-238.50
June	238.50	—3.25	240.50-2-3082
July	238.00	—4.75	238.00-23.000
Aug.	242.00	—6.00	—
Sept.	245.00	—4.25	248.50-245.00

Turnover: 3,599 (3,671) lots of 100 tonnes.

GOLD MARKETS

Gold rose $8½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $494¼-495¼. The metal opened at $489-490 and traded up to a high of $496-497 before coming back on light profit taking. Dealers reported good demand for the metal with support coming from a much firmer trend in silver.

In Paris the 12½ kilo bar was fixed at FFr 110,000 per kilo ($494.77 per ounce) in the afternoon compared with FFr 110,000 ($495.21) in the morning and FFr 108,100 ($492.63) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,725 per kilo ($494.00 per ounce) against DM 38,025 ($490.59) and closed at $496-497 from $485¾-486¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $490.75 from $489.0.

In Zurich gold finished at $495-498 against $486-489.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
February	494.60-95.0	+8.100	497.00-90.1
March	498.20-99.0	+8.800	—
April	502.60-03.5	+8.850	505.80-97.5
May	506.50-07.4	+8.050	507.40
June	510.70-11.0	+8.850	512.00
July	514.10-15.0	+8.850	512.60
August	517.50-18.5	+8.000	—

Turnover: 1,708 (1,392) lots of 100 troy ounces.

	Jan. 27		Jan. 26	
Gold Bullion (fine ounce)				
Close	$494¼-495¼	(£321¾-322¼)	$486-487	(£314¼-315¼)
Opening	$489-490	(£318-318¾)	$493-494	(£317¼-318)
Morning fixing	$493.50	(£320.767)	$488.25	(£315.109)
Afternoon fixing	$497.50	(£322.256)	$486.50	(£314.581)
Gold Coins Jan. 27				
Krugrnd	$508¼-509¼	(£331-331¾)	King Sov	$116¼-117¾ (£75½-76½)
½ Krg	$262-263	(£170½-171¼)	Victoria Sov	$116¼-117¾ (£75½-76½)
¼ Krg	$133½-134½	(£87-87½)	French 20s	$103¼-105¼ (£67¼-68½)
1/10 Krug	$54¼-55¼	(£35¼-36)	50 pesos Mex	$590-592 (£384-385½)
Mapleleaf	$506¼-508	(£329¾-330¾)	100 Cor. Aust	$479-484 (£311¾-315)
New Sov	$116¼-117¼	(£75¾-76¼)	$20 Eagles	$565-575 (£367¾-374¼)
½ New Sov	$68¾-70¾	(£44¾-46)		

EUROPEAN MARKETS

ROTTERDAM, January 27.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter, Feb 156 March 157, April 158, May 159. U.S. No. Three Amber Durum, April/May 169, June 170. U.S. No. Two Northern Spring 14 per cent, Feb 186.50, March 187, April/May 171, May/June 172. Canadian Western Red Spring, April/May 190.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, April/June 125.50-126 traded, afloat 125, Feb 124, March 124, April/June 128.50, July/Sept 129.50, Oct/Dec 130 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Jan 235.25 Feb 236, March 238, April 242, May 244.50, June 247.25, July 250, Aug 251.75, Sept 251.75, Oct 248.90, Nov 248.90, Dec 253.50, Jan 257.75 sellers. Argentine, June 245.85, July 246.20 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent, April/Sept 217 traded, afloat 210, Jan 212 Feb 214, March 215.60, April/Sept 218, Nov/March 230 sellers. Brazil Pellets, afloat 233, Jan 233, Feb 233, March 233, April/Sept 227 sellers.

PARIS, January 27.

Cocoa—(FFr per 100 kg): March 1,310/1,317, May 1,345/1,350, July 1,355/1,375, Sept 1,380/1,390, Dec 1,400/1,415, March 1,425/1,440, May 1,440/1,480 Sales at call: nil.

Sugar—(FFr per tonne): March 1,477/1,480, May 1,520/1,524, July 1,569/1,580, Aug 1,590/1,600, Oct 1,627/1,634, Nov 1,626/1,635, Dec 1,680/1,704, March 1,790/1,800. Sales at call: nil.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices moved ahead on the London Metal Exchange following the fall in sterling and the strength of precious metals. Copper closed a fraction off the day's high of £1,068 while Lead was finally £316, after £318 and Zinc at £464.5, after £467. Speculative buying lifted Aluminium to £749.75.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1024-.5	+5.5	1034.5-5	+18.2
3 months	1056.5-7	+5.5	1066.5-7	+18.5
Settlem't	1024.5	+5.5	—	......
Cathodes				
Cash	998-9	+4.75	1007-9	+18.2
3 months	1027-8	+4	1037-9	+16.2
Settlem't	999	+5	—	......
U.S. Prod.	—	—	*74-74	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,024, 24.50, 25, three months £1,058.50, 59, 59.50, 59, 58, 57.50, 57, 56, 56.50, 57, 56, 55.50, 56, 56.50, 57. Kerb: Higher Grade: Three months £1,055, 55.50, 56, 55, 55.50, 55, 56. Afternoon: Higher Grade: Three months £1,067, 67.50, 68, 67.50, 66.50, 67, 66.50. Kerb: Higher Grade: Three months £1,066, 66.50, 67, 68, 67.50, 67, 66, 67, 67.50. Turnover: 31,525 tonnes.

TIN

TIN ‡	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	7965-70	+35	7970-5	+42.5
3 months	7955-65	+27.5	7968-70	+41
Settlem't	7970	+35	—	......
Standard.				
Cash	7965-70	+35	7970-5	+44.5
3 months	7955-60	+30	7968-70	+43.5
Settlem't	7970	+55	—	......
Straits E.	‡529.15	......	—	......
New York				

Tin—Morning: Standard, cash £7,960, 65, 70, three months £7,960, 65, 60, 65, 60. Kerb: Standard, three months £7,965. Afternoon: Standard, three months £7,960, 65, 62, 65, 67, 68. Kerb: Standard, three months £7,965, 55. Turnover: 1,460 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	301.5-.75	+1.37	303.5-4.5	+3.5
3 months	315.5-4	+1.5	316-.5	+3.5
Settlem't	301.75	+1.25	—	......
U.S. Spot	—	......	*21-28	......

Lead—Morning: Cash £301.50, three months £316, 16.50, 14.50, 14, 13.50, 14. Kerb: Three months £314, 14.50. Afternoon: Three months £318, 17.50, 17, 16.50. Kerb: Three months £316.50, 16. Turnover: 12,325 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	449-.5	+5.25	450.5-1.5	+7.82
3 months	464.75-5	+5.25	466-.5	+6.87
Settlem't	449.5	+5	—	......
Primw'ts	—	......	*38.75-40.7	......

Zinc—Morning: Cash £449, three months £464, 64.50, 65, 64.50, 64.75. Kerb: Three months £465, 65.50, 66. Afternoon: Three months £468, 67, 66, 66.50. Kerb: Three months £465, 50, 65. Turnover: 8,575 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	722-3	+18.7	725.5-6.5	+12.5
3 months	746.5-7	+11	750.5-1	+14.5

Aluminium—Morning: Three months £748, 47.50, 47, 47.50, 48, 47, 46.50. Kerb: Three months £746.50, 47, 48. Afternoon: Three months £752, 53, 52.50, 53, 54, 54.50, 55, 54.50, 54, 53.50, 53, 52.50, 52, 51.50, 51. Kerb: Three months £751, 50.50, 51, 51.50, 52, 51.50, 52, 51.50, 51, 50, 49.50. Turnover: 31,050 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2480-5	+42.5	2480-90	—45
3 months	2560-5	+45	2560-2	+48.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £2,480, three months £2,565, 60, 55, 60, 65, 60. Kerb: Three months £2,580. Afternoon: Three months £2,570, 65, 60, 55, 59, 60, 62. Kerb: Three months £2,565, 60, 50. Turnover: 960 tonnes.

SILVER

LME—Turnover 156 (246) lots of 10,000 ozs. Morning: Three months 881.0, 80.0, 79.0, 78.0, 78.5, 79.0. Kerb: Three months 879.0, 78.5. Afternoon: Three months 889.0, 88.0, 88.5, 88.0. Kerb: Three months 887.5, 87.0, 88.0, 88.5, 86.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	858.40p	+19.5	864.5p	+27
3 months	880.80p	+19.1	887.5p	+27.2
6 months	901.95p	+19.2	—	......
12months	948.95p	+19.2	—	......

Silver was fixed 19.5p an ounce higher for spot delivery in the London bullion market yesterday at 858.4p. U.S. equivalents of the fixing levels were: spot $13.172, up 18.2c; three-month $13.447, up 17.3c; six-month $13.732, up 18.7c; and 12-month $14.372, up 14.7c. The metal opened at 847-849p ($13.04-13.08) and closed at 864-866p ($13.28-13.32).

COCOA

After opening unchanged futures met heavy buying during the afternoon and with the exception of the near position made new life-of-contract highs. Physicals traded in light volume for nearby positions and found limited producer interest for the forwards, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1257-39	+9.5	1248-25
May	1244-45	+11.0	1255-32
July	1255-56	+5.0	1257-45
Sept.	1262-65	—	1275-55
Dec.	1273-74	—5.0	1288-73
March	1290-91	—3.0	1305-90
May	1302-03	—6.0	1320-01

Sales: 9,104 (7,931) lots of 10 tonnes.

ICCO—Daily prices for Jan 27: 82.49 (82.19). Indicator prices for Jan 28: 81.05 (80.91).

COFFEE

Keen commission house buying helped establish new contract highs during an active day, reports Drexel Burnham Lambert.

COFFEE	Yest'day's Close	+ or —	Business Done
January	2039-41	+42.0	2041-98
March	1713-14	+24.0	1719-70
May	1612-13	+23.5	1620-91
July	1528-29	+20.5	1532-05
Sept	1470-72	+24.5	1472-46
Nov	1400-02	+0.5	1412-99
January	1360-65	+5.0	1370-66

Sales: 5,461 (3,949) lots of 5 tonnes.

ICO Indicator price for Jan 26 (U.S. cents per pound): Comp. daily 1979 125.85 (125.84); 15-day average 127.04 (127.37).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar.	125.00	+0.80	115.75	+0.15
May	126.75	+0.80	117.45	+0.15
July	128.65	+0.75	—	—
Sep.	115.20	+0.05	108.75	+0.05
Nov	118.05	+0.05	111.80	—

Business done—Wheat: March 125.25-4.30, May 127.00-6.10, July 128.00-8.00, Sept 116.15 only, Nov 118.00 only. Sales: 324 lots of 100 tonnes. Barley: March 115.80-5.60, May 117.60-7.30, Sept 108.70 only, Nov 111.80-111.75. Sales: 69 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent, Feb 132.50, March 135 April/May 123.50 sellers transhipment East Coast. English Feed fob, Feb 124.50, 125.50 as to port, April 127.50 paid East Coast. Maize: French, Feb 147 transhipment East Coast seller. S. African White/Yellow, March/April 97.50 sellers. Barley: English Feed fob, Feb 121 East Coast sellers. Rest unquoted.

HGCA—Locational ex farm spot prices. Feed barley: S. East 115.00, S. West 115.20, W. Mids 115.30. The UK monetary coefficient for the week beginning Monday January 31 is expected to remain unchanged.

POTATOES

Values improved in thin trade lifted by profit-taking to close at the highs, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Feb	68.00	67.80	67.50
April	78.70	78.10	79.00-78.00
May	83.30	83.00	83.90-83.00
Nov	67.20	67.00	—
Feb	78.40	78.30	—

Turnover: 227 (597) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, steadied on keen chartist buying and closed firm. Lewis and Peat reported a February fob price for No. 1 RSS in Kuala Lumpur of 188.75 (189.0) cents a kg and SMR 20 170.5 (171.0).

TABLE table table table table table—[illegible]

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
[illegible]	£ per tonne		
Mar	578-588	567-575	—
Apr	587-593	570-579	—
Apl-Jne	597-598	579-581	598-590
Jly-Sept	623-624	604-605	622-605
Oct-Dec	642-643	625-626	643-626
JanMch	661-663	646-647	658
Apl-Jne	681-683	667-668	679
Jly-Sept	703-705	689-691	700
Oct-Dec	727-731	710-714	724-722

Sales: 471 (286) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were spot 57.50p (55.75p); March 59.25p (58.25p); April 60.00p (58.75p).

SOYABEAN MEAL

The market opened 50p up in quiet trade, reports T. G. Roddick. Prices steadied on easier sterling and mixed buying.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
Feb	144.80-49.0	—1.00	144.50
April	145.50-46.5	+0.30	147.00-46.50
June	148.00-48.1	+1.10	148.00-47.10
August	149.00-49.1	+0.80	149.10-48.50
October	150.50-51.5	+1.00	151.00-49.00
Dec	154.50-55.5	+0.25	155.00-58.00
Feb	155.50-58.0	+0.75	—

Sales: 195 (186) lots of 100 tonnes.

SOYABEAN OIL—Prices opened $2.00 higher but eased on trade selling. Close (U.S. $ per tonne): Feb 405.00, 408.000, 408.00-405.00; April 415.00, 416.00, untraded; June 429.00, 430.00, 430.00-429.00; Aug 438.00, 439.00, untraded; Oct 441.00, 439.00, untraded; Dec 448.00, 459.00, untraded; Feb 455.00, 469.00, untraded. Sales: 86 (25) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £110.00 (£108.00) a tonne cif Jan-Feb-March shipment. White sugar £137.50 (same).

Prices initially fell about £1.50 following rumours that India was looking to sell 15 cargoes, but rallied sharply following higher New York levels. Profit-taking pared the gains slightly at the close, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	114.25-14.50	111.75-11.80	114.75-11.50
May	118.40-18.45	116.55-16.50	118.80-18.25
Aug.	127.00-27.10	124.50-24.60	127.25-25.75
Oct.	132.75-33.00	130.25-30.75	133.00-31.50
Dec.	139.25-39.75	136.00-38.00	139.25-38.75
March	148.00-47.50	141.00-45.00	—
May	148.00-52.00	145.00-55.00	—

Sales: 2,934 (3,086) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £215.50 (£213.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 26: Daily price 5.40 (5.34); 15-day delivery 5.98 (5.96).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 539.0, 540.0, 540.0-538.8; May 566.0, 558.0, 558.5-556.0; July 564.0, 565.0, 565.0-564.0; Oct 548.0, 551.0, 550.5-548.0; Dec 552.0, 552.5, 556.0-552.0; March 561.0, 53.0, 585.0-562.0; May 570.0, 573.0, untraded; July 578.0, 580.0, 580.0. Sales: 217.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 356 seller, nil; March 360, 361, 361-360; May 370, 372, 373-371; Aug 389, 395, 391-389; Oct 399, 405, 400-399; Dec 405, 408, 407-405; Jan 407, 410, 408-405; March 416, 420, 418-415; May 423, 426, 425-424. Sales: 125.

MEAT/FISH

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.50-£6.50, codlings £3.00-£4.00; large haddock £4.60, small £2.20-£3.20; large plaice £5.80-£6.60, medium £5.80-£6.40, best small £4.50-£5.00; skinned dogfish (medium) £4.00-£5.00; lemon sole £7.00-£8.00; rockfish £3.90; saithe £1.80-£2.40.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.70p per kg lw (—0.75). GB—Sheep 163.58p per kg est d c w. (+5.99). GB—Pigs 64.58p per kg lw (—0.01).

SMITHFIELD—Pence per pound. Beef: Scotch-killed sides 81.2 to 85.2; Ulster hindquarters 90.0 to 95.5, forequarters 56.0 to 58.5. Veal: Dutch hinds and ends 136.0 to 139.5. Lamb: English small 70.0 to 75.5, medium 67.0 to 73.0, heavy 62.0 to 64.0; Scotch heavy 61.0 to 64.0; Imported: New Zealand PL 49.5 to 51.5, PM 49.0 to 50.0, PX 47.0 to 47.8, YL 48.0 to 49.0. Pork: English, under 100 lb 35.5 to 50.0, 100-120 lb 40.3 to 49.0, 120-160 lb 34.0 to 46.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package, except where otherwise stated. Imported Produce: Satsumas—Spania: 10 kg 3.00-3.50. Minneolas—Jaffa: 4.80-6.30 according to size. Oranges—Spania: Navels 3.80-5.80; Jaffa: Shamouti 40 4.80, 50 4.80, 60 5.25, 75 5.35, 88 5.40, 105 5.10, 123 4.90, 144 4.80, 168 4.60, Navels 88 5.40, 105 4.50, 123 4.50, 144 4.30, 168 4.20; Moroccan: Navels 3.40-5.40. Seville—Spanish: 40 lb 5.00-6.00. Lemons—Turkish: 80/150 3.50-4.30; Cypriot: 9 kg 2.80-4.20; Spania: tray 5 kg 25/50 1.80-2.40. Grapefruit—Cypriot: 27/56 2.80-4.00; Jaffa: 64 3.90, 75 3.80, 88 3.60, Ruby 6.00-6.50; U.S.: Ruby 6.50-8.00 according to size. Clementines—Moroccan: 5.30-6.00. Apples—French: Golden Delicious 18 kg 5.0-7.00, Starkcrimson 18 kg 4.00-6.00, Granny Smith 18 kg 5.50-7.50; U.S.: Red Delicious 9.50-13.00; Canadian: 11.00-12.50; Polish: Spartan 13 kg, per pound 0.12-0.14. Pears—Dutch: Comice 14 lb 3.85-4.20, Conference 12 kg 5.60; Italian: Passacrassano 12/14 lb, per pound, 0.14-0.18. Peaches—Cape: 4.50-5.40. Nectarines—Chilean: Single layer trays 9.00. Sharon Fruit—Israeli: 3.00-3.20. Grapes—Spanish: Almeria 2.20-3.40, Napoleon 2.60-3.20; S. African: Sultana 9 lb 9.00; U.S.: Red Emperor per pound 0.55-0.65; Cape: Queen of the Vineyard 11 lb 8.00-8.50. Strawberries—Israeli: 8 oz 1.00; Kenyan: 8 oz 0.60-0.80; U.S.: 12 oz 1.50-1.80; Plums—Cape: Santa Rosa 11 lb, per box according to size, 2.50-4.00, Gaviota 3.00-6.00, Wickson 3.00-4.00, Eldorado 2.40-4.00, Ruby Nel 3.00-4.00, Harry Pickstone 2.50-4.00. Melons—Spanish: Green 15 kg 14.00-15.00; Brazilian: Yellow 10 kg 7.00-9.00. Pineapples—Ivory Coast: 20s 0.35-0.40, 12C 0.60, 12B 0.80, 6s 1.20; Ghanaian: each 1.00-1.40 according to size. Bananas—Colombian: 40-lb boxes 9.40-9.60. Avocados—U.S.: 6.50-7.00; Israeli: 3.80-4.20; Canary: 3.60-4.00. Pawpaws—Brazilian: 6.00-7.00. Kiwifruit—New Zealand: 8.00-8.50. Mangoes—Brazilian: 7.00; Kenyan: 8.00; S. African: 6.00-6.00-7.00. Litchees—S. African: per pound 0.80-1.00. Asparagus—U.S.: per pound 1.50-3.00. Fennel—Italian: 20 lb 3.00-4.00. Sugar Peas—U.S.: 10 lb 1.30 per pound; Moroccan: 7 lb 7.00. Endive—French: 5.00-5.50. Calabrese—Italian: 10 lb 4.00. Tomatoes—Spanish: 6 kg 3.00-3.50; Canary: 4.00-5.00. Lettuces—Dutch: 12s 3.20, 24s 4.30-5.20. Celery—Spanish: 5.00-6.00; Italian: 5.50-6.00; Israeli: 6.50. Artichokes—Egyptian: 24s 8.00; Cypriot: 12s 5.40; Spanish: 24s 7.00-7.50. Aubergines—Canary: 5 kg 5.00-5.50. Onions—Spanish: Grano 5.80-6.00. Capsicums—Canary: Green 4.50-5.50, Red 5.50-6.00; Israeli: Red 7.00. Cabbages—Dutch: Red 3.00-3.20, White 2.60-2.80. Courgettes — Kenyan: 6 lb 4.00; Spanish: 11 lb 4.95-5.50. Cucumbers—Canary: 5.80-6.20. Chicory—Belgian: 5 lb 2.00-2.20. Potatoes—Jersey: per pound new 0.70; Italian: 20 lb 3.00-3.20; Egyptian: Ezatra 44 lb 5.00; Canary: 25 kg mids 8.50, ware 7.00; Cypriot: 44-lb bag 5.00-5.20, 27½-lb boxes 5.20-5.50. Cauliflowers—French: 24s 7.00-7.20; Jersey: 24s 6.50-7.00. Dates—Tunisian: 30 x 8 oz 0.45-0.62. Fresh Dates—Israeli: 11 lb 6.20.

English Produce: Apples—per pound Bramley 0.06-0.15, Cox's 0.12-0.25, Ida Red per pound 0.08-0.12, Russets 0.14-0.18, Spartan 0.08-0.14, Crispin 0.06-0.12. Pears—per pound, Conference 0.10-0.20, Comice 0.10-0.22. Potatoes—per bag 2.20-3.00. Mushrooms—per pound open 0.45-0.55, closed 0.40-0.80. Lettuces—per tray 1.60-2.50. Onions—per 55 lb 1.80-2.80. Pickling Onions—per 55 lb 3.00-3.50. Cabbages—per 25 lb 1.00-1.50, per 28/30 lb White/Red 1.50-2.40.

INDICES

FINANCIAL TIMES

Jan. 26	Jan. 25	M'th ago	Ya'r ago
253.00	251.58	240.23	252.26

(Base: July 1 1952 = 100)

REUTERS

Jan. 27	Jan. 26	M'th ago	Y'ar ago
1653.6	1646.5	1580.3	1635.5

(Base: September 18 1931 = 100)

MOODY'S

Jan. 26	Jan. 25	M'th ago	Y'ar ago
1051.5	1050.6	999.3	1002.3

(December 31 1931 = 100)

DOW JONES

Dow Jones	Jan. 26	Jan. 25	Month ago	Year ago
Spot	143.34	142.89	134.04	127.64
Fut'rs	147.5t	147.76	138.70	134.48

(Base: December 31 1974 = 100)

AMERICAN MARKETS

Gold and silver were very strong on continued speculative support as apprehension was mounting about the international banking system and its current liquidity problems. Copper prices finished strong in line with precious metals attracting commission house buying and technical support; the U.S. producer price was raised to reflect the recent improvement in demand. Distant months in heating oil continued their decline in expectation o a further break in crude prices; the market ignored bullish stock statistics. Sugar came under late pressure from delayed reaction to an upward revision in stocks estimated by a leading house on the continent. Cotton prices were nominally higher on trade support as expectations for an economic recovery shows steady improvement. Cocoa firmed early on keen commission house buying— however, selling by the Ivory Coast reversed the upward trend and prices closed virtually unchanged. Coffee prices found light support on continued tight supply situation in London which was offset by speculation of a possible increase in the export quotas. Soyabeans and wheat were mixed on light profit-taking while Maize was higher on trade expectations of tight free market supplies late this spring and

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	1740	1745	1706	1710
May	1760	1760	1732	1734
July	1770	1779	1750	1754
Sept	1795	1800	1770	1779
Dec	1800	1825	1800	1801
March	1847	1850	1847	1836

COFFEE "C" 37,000 lbs cents/lb

	Close	High	Low	Prev
March	125.86	125.90	125.35	125.34
May	123.65	123.75	123.00	122.88
July	121.72	121.85	121.10	120.88
Sept	119.65	120.25	119.10	118.80
Dec	117.75	118.00	117.00	115.85
March	115.08	115.74	114.70	114.67
May	113.60	113.00	113.00	112.95

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	73.90	—	—	72.95
March	74.55	75.00	73.90	73.50
May	75.75	76.25	75.30	74.80
July	76.95	77.36	76.60	76.05
Sept	78.05	78.25	77.75	77.20
Dec	79.60	80.20	79.40	78.75
Jan	80.15	80.60	80.15	72.85
March	81.20	81.70	80.90	80.40
May	82.25	82.60	82.45	81.50
July	83.30	83.40	83.20	82.55

COTTON 50,000 lb, cents/lb

	Latest	High	Low	Prev
March	65.24	65.40	65.06	65.12
May	66.68	66.81	66.51	66.50
July	67.70	67.95	67.60	67.67
Oct	66.90	—	—	66.75
Dec	67.28	67.45	67.21	67.14
March	68.80	68.85	68.65	68.65
May	69.60	—	—	69.45
July	70.00	—	—	70.00

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	496.0	499.5	491.5	491.3
March	500.0	501.0	495.0	495.0
April	504.1	507.5	500.0	499.1
June	511.8	515.0	507.5	506.5
August	520.0	525.0	518.0	514.6
Oct	528.3	530.0	524.0	522.8
Dec	536.7	540.5	533.0	531.1
Feb	545.2	549.0	543.5	539.5
April	554.1	—	—	548.2
June	563.1	565.0	559.0	557.0
August	572.2	—	—	565.9
Oct	582.5	582.5	578.0	575.0

HEATING OIL 42,000 U.S. gallons: cents/U.S. gallons

	Latest	High	Low	Prev
Feb	79.00	79.25	77.60	78.43
March	75.50	76.00	75.05	76.30
April	73.20	74.00	73.10	74.56
May	72.60	73.50	72.50	73.88
June	73.00	73.75	72.80	74.00
July	73.50	74.25	73.20	74.61
Aug	75.50	75.50	74.80	75.00
Sept	—	—	—	76.00
Oct	—	—	—	77.10
Nov	78.00	78.00	77.30	77.70

PLATINUM 50 troy oz: $/troy oz

	Close	High	Low	Prev
Feb	484.6	477.0	477.0	479.6
March	484.6	483.0	483.0	479.6
April	484.6	486.0	480.0	479.6
July	489.4	492.0	486.0	484.6
Oct	496.2	497.5	492.0	491.6
Jan	504.0	504.0	499.0	470.0
April	511.8	515.0	511.0	507.6

SILVER 5,000 troy oz: cents/troy oz

	Close	High	Low	Prev
Feb	1350.5	1337.0	1334.0	1313.5
March	1360.0	1363.0	1331.0	1322.0
May	1381.8	1385.0	1350.0	1343.0
July	1404.1	1406.0	1375.0	1364.5
Sept	1426.4	1426.0	1400.0	1386.0
Dec	1461.4	1468.0	1429.0	1419.7
Jan	1473.2	—	—	1313.5
March	1496.9	1495.0	1475.0	1454.2
May	1519.9	—	—	1475.7
July	1542.9	—	—	1499.2

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	6.59	6.80	6.50	6.72
May	6.84	7.05	6.38	7.00
July	7.19	7.41	7.10	7.34
Sept	7.53	7.75	7.45	7.65
Oct	7.81	7.96	7.71	7.89
March	8.80	8.92	8.73	8.90
May	9.04	9.15	9.05	9.14

ORANGE JUICE 15,000 lb: cents/lb

	Close	High	Low	Prev
March	108.00	108.50	107.40	107.30
May	108.65	109.00	107.90	108.00
July	109.50	109.50	108.75	108.90
Sept	110.10	110.35	109.65	109.65
Nov	110.70	—	—	110.25
Jan	111.15	111.50	111.00	110.75
March	111.60	111.60	111.30	111.20
May	112.10	—	—	111.70

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	60.20	60.25	59.57	59.72
April	61.50	61.55	60.40	60.80
June	63.47	63.50	62.75	62.97
August	62.60	62.65	62.00	62.15
Oct	61.05	61.10	60.50	60.82
Dec	62.22	62.25	62.15	62.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	58.17	58.45	57.85	57.85
April	54.62	54.95	54.52	54.45
June	56.40	56.50	56.07	56.02
July	56.27	56.45	55.90	56.10
August	54.15	54.50	53.90	54.05
Oct	50.10	50.50	50.05	50.05
Dec	49.95	49.95	49.60	49.80
Feb	48.75	49.40	48.60	48.62
April	47.05	47.05	47.05	47.00

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	266.4	266.4	264.4	263.4
May	275.6	276.0	273.4	272.4
July	283.6	284.0	281.6	280.6
Sept	286.4	286.6	284.4	283.6
Dec	289.4	289.6	287.2	287.4
March	299.2	300.0	297.4	297.2
May	306.2	307.2	305.4	304.0

PORK BELLIES 38,000 lb: Cents/lb

	Close	High	Low	Prev
Feb	82.85	84.55	82.80	83.95
March	80.70	82.70	80.60	82.02
May	80.47	82.00	80.20	81.20
July	79.10	80.80	79.00	80.02
Aug	76.32	78.20	76.15	77.00
Feb	67.95	68.00	67.80	67.80
March	66.70	66.70	65.40	67.40

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
March	596.4	600.4	596.2	597.4
May	611.0	615.0	610.2	610.6
July	623.0	625.6	622.2	622.4
Aug	628.0	629.0	626.0	624.4
Sept	629.2	629.2	626.0	626.0
Nov	635.4	638.4	634.0	633.2
Jan	649.0	650.0	647.0	646.4
March	662.0	662.0	658.4	658.0

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
March	179.0	180.0	179.0	179.3
May	182.0	183.0	182.0	182.4
July	185.2	186.2	185.1	185.7
Aug	186.1	186.7	186.1	186.5
Sept	187.3	187.5	187.0	187.0
Oct	188.0	189.0	188.0	188.0
Dec	192.0	192.3	191.0	191.9
Jan	193.0	193.0	192.0	192.8
March	196.5	196.5	196.0	196.5

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
March	17.48	17.55	17.37	17.33
May	17.90	17.96	17.97	17.76
July	18.30	18.36	18.20	18.18
Aug	18.45	18.50	18.40	18.33
Sept	18.70	18.70	18.60	18.45
Oct	18.75	18.85	18.71	18.58
Dec	19.10	19.20	19.00	18.92
Jan	19.30	19.30	19.15	19.12

WHEAT 5,000 bu min: cents/60lb-bushel

	Close	High	Low	Prev
March	334.2	336.4	333.2	334.4
May	344.2	345.6	343.0	344.2
July	353.2	354.4	352.0	353.2
Sept	363.2	364.4	362.2	362.2
Dec	381.4	381.4	379.4	380.0
March	394.4	395.0	393.0	393.4

SPOT PRICES—Chicago loose lard 16.00 (16.25) cents per pound. Handy and Harman bullion silver 1332.0 (1301.5) cents per troy ounce. New York tin 566.0-68.0 (565.0-68.0) cents per pound.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sept. Vol.	Sept. Last	Stock
D/FL C	F.265	35	6.50	2	8.40 B	—	—	F.268.15
D/FL C	F.270	1	3.50	—	—	—	—	"
D/FL C	F.275	—	—	—	—	5	3.50	"
D/FL P	F.260	4	2.80	4	6.50	—	—	"
D/FL P	F.265	7	5	10	10	—	—	"
D/FL P	F.270	7	7.50	2	13	—	—	"
D/FL P	F.285	—	—	50	25	—	—	"
		Feb.		May		Aug.		
GOLD C	$400	—	—	3	113	—	—	$497
GOLD C	$425	5	72	6	93	—	—	"
GOLD C	$450	24	51 B	5	66	3	87	"
GOLD C	$475	70	29	39	56	1	72	"
GOLD C	$500	107	18	149	41	25	56	"
GOLD C	$550	94	6.50	132	22	—	—	"
GOLD P	$400	—	—	—	—	2	8	"
GOLD P	$425	5	1	1	4.50	—	—	"
GOLD P	$450	11	2	12	10	—	—	"
GOLD P	$475	7	6	19	18	9	27.50	"
GOLD P	$500	5	17	55	31	12	38	"
GOLD P	$550	—	—	1	69	—	—	"
12¾ NL 81 87-91								
C	F.122.50	7	11	—	—	—	—	F.133.50
C	F.127.50	—	—	20	6.10	—	—	"
C	F.130	200	4.10	107	4.80	—	—	"
C	F.135	22	1.30	20	2.80 A	—	—	"
C	F.140	—	—	152	1.10	—	—	"
P	F.115	—	—	200	0.10	—	—	"
P	F.127.50	—	—	50	1.20	—	—	"
P	F.130	54	0.70	20	2.30 B	—	—	"
10¾ NL 80 86-95								
C	F.110	—	—	5	5.50	—	—	F.115
11¼ NL 82 88-92								
C	F.115	—	—	10	3.50 A	—	—	F.116.90
C	F.117.50	—	—	200	2	—	—	"
P	F.117.50	—	—	225	5	4	3.50	"
10½ NL 82 86-89								
C	F.107.50	—	—	2	4.50	—	—	F.111
10 NL 82-11 86-89								
C	F.107.50	5	6.30	—	—	—	—	F.115
C	F.112.50	5	1.20	—	—	—	—	"
7¾ NL 82 89-93								
C	F.100	42	1.80	5	2.30	—	—	F.100.90
C	F.102.50	—	—	56	1.10	—	—	"
7½ NL 83 87-90								
C	F.102.50	—	—	56	0.90	—	—	F.99.80
P	F.97.50	—	—	5	0.30	—	—	"
		April		July		Oct.		
ABN C	F.320	231	2.50	—	—	—	—	F.291
AKZO C	F.30	—	—	30	9.30	—	—	F.39.90
AKZO C	F.32.50	19	7	—	—	—	—	"
AKZO C	F.35	49	5.20	—	—	—	—	"
AZKO C	F.40	332	2.70	72	3.50	—	—	"
AKZO P	F.35	81	1.10	85	1.70	—	—	"
AKZO P	F.40	24	3	—	—	—	—	"
AMRO C	F.40	25	3.10	—	—	—	—	F.43
AMRO C	F.45	43	1.50	—	—	—	—	"
AMRO P	F.40	45	2.50	54	2.50	—	—	"
AMRO P	F.40	85	4.90	—	—	—	—	"
GIST P	F.110	21	2.50	—	—	—	—	F.124.00
HEIN C	F.90	40	15	26	15.50 B	—	—	F.104.80
HEIN C	F.100	20	9.70	—	—	—	—	"
HEIN C	F110	—	—	110	7	—	—	"
HOOG P	F.17.50	—	—	—	—	50	2.50	F.16.20
KLM C	F.140	35	16.50 B	—	—	—	—	F.148
KLM C	F.150	61	12.20	—	—	—	—	"
KLM C	F.160	130	6.70	—	—	—	—	"
KLM P	F.140	61	10.80	—	—	—	—	"
NEDL C	F.100	42	2.50	—	—	—	—	F.92
NEDL P	F.90	22	5	—	—	—	—	"
PHIL C	F.25	56	6.20	—	—	—	—	F.31
PHIL C	F.27.50	304	4.20	51	4.70	—	—	"
PHIL C	F.30	388	2.50	436	2.90	183	3.50	"
PHIL C	F.32.50	742	1.20	174	1.70 A	461	2.50	"
PHIL P	F.27.50	40	0.60	40	1	—	—	"
PHIL P	F.30	205	1.10	—	—	4	2.50	"
PHIL P	F.32.50	17	3	30	3.90	—	—	"
RD C	F.90	78	6.70	35	7.80	—	—	F92.70
RD C	F.100	371	2.70	39	3.80	51	5.10	"
RD P	F.80	95	0.80	—	—	—	—	"
RD P	F.90	101	2.50	7	4.30	10	6	"
RD P	F.100	33	8	5	10	—	—	"

TOTAL VOLUME IN CONTRACTS 8,432

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS April	CALLS July	CALLS Oct.	PUTS April	PUTS July	PUTS Oct.
BP (USP 312)	260	62	—	—	3	—	—
" "	280	42	—	—	9	—	—
" "	300	28	36	44	20	24	28
" "	330	11	19	26	40	44	48
" "	360	4	7	—	60	62	—
CGF (USP 527)	390	144	147	—	2	6	—
" "	420	114	117	—	5	8	—
" "	460	80	87	—	10	17	—
" "	500	50	65	75	24	34	40
" "	550	29	45	55	50	62	70
CTD (USP 74)	70	9	12	14	3	4½	7
" "	80	3	6	6	8	11	13
" "	90	1½	—	—	18	—	—
CUA (USP 143)	120	27	29	—	2	5	—
" "	130	18	22	—	4	7	—
" "	140	13	16	19	12	15	16
" "	160	6	8	10	24	26	28
GEC (USP 188)	180	22	28	34	7	10	12
" "	197	13	—	—	15	—	—
" "	200	2	20	25	2	20	25
" "	217	6	—	—	30	—	—
" "	220	—	12	—	—	34	—
" "	237	3	—	—	60	—	—
" "	240	—	7	—	—	54	—
" "	260	2	5	—	74	74	—
GMH (USP 337)	240	99	—	—	1	—	—
" "	260	79	—	—	3	—	—
" "	280	59	66	—	4	4	—
" "	300	39	46	—	5	7	—
" "	330	21	26	31	15	17	19
" "	360	10	16	21	31	36	39
ICI (USP 356)	260	114	—	—	2	—	—
" "	280	94	—	—	2	—	—
" "	300	74	80	—	3	4	—
" "	330	44	52	—	5	9	—
" "	360	22	25	40	20	22	28
" "	390	13	18	24	38	42	46
LS (USP 276)	240	44	—	—	3	—	—
" "	260	25	32	39	8	10	14
" "	280	14	20	28	14	18	22
" "	300	5	9	—	27	31	—
M & S (USP 202)	160	48	—	—	1½	—	—
" "	180	30	34	40	3	5	7
" "	200	16	22	28	10	11	16
" "	220	8	15	18	21	24	28
" "	240	3	6	—	40	42	—
SHL (USP 406)	360	50	—	—	—	—	—
" "	390	28	36	46	15	14	20
" "	420	12	22	30	30	36	40
" "	460	6	11	—	52	64	—

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
BSL (USP 403)	350	—	—	—	2	—	—
" "	360	50	58	68	3	8	13
" "	385	—	—	—	3	—	—
" "	390	25	30	40	5	15	25
" "	420	9	19	28	18	32	42
IMP (USP 127)	90	37	38	—	0½	1	—
" "	100	27	28	—	0½	1	—
" "	110	17	19	22	1	2	4
" "	120	8	12	15	2½	6	8
" "	130	4	7	10	7	12	13
LMO (USP 260)	280	9	27	35	20	24	32
" "	300	5	17	25	37	40	50
" "	330	3	11	17	65	70	70
" "	360	2	5	—	95	97	—
" "	390	2	3	—	125	126	—
LNR (USP 97)	60	39	—	—	0¼	—	—
" "	70	29	—	—	1	—	—
" "	80	19	20	22	1	2	2½
" "	90	9	11	15	1	6	7
" "	100	3	8½	7½	5	11	13
P & O (USP 116)	100	16	21	24	1	5	5
" "	110	8	15	18	3	8	8
" "	120	4	10	13	7	10	16
" "	130	1½	5	8½	17	19	23
" "	140	1	2¼	—	27	28	—
" "	160	0½	1	—	47	47	—
RCL (USP 449)	390	64	—	—	1	—	—
" "	420	35	—	—	5	—	—
" "	460	12	32	42	15	24	30
" "	500	4	18	26	54	55	57
" "	550	2	8	15	104	104	105
" "	600	2	3	6	154	154	155
" "	650	1	2	—	204	204	—
RTZ (USP 519)	330	194	—	—	—	—	—
" "	360	164	—	—	1	—	—
" "	390	134	144	—	1	2	2
" "	420	104	114	115	1	4	9
" "	460	64	77	83	2	10	17
" "	500	25	52	56	10	25	29
" "	550	5	28	37	37	50	57
VRF (USP 111)	40	2	—	—	0½	—	—
" "	45	2	—	—	0½	—	—
" "	50	62	—	—	0½	1	—
" "	55	57	—	—	0½	1	—
" "	60	52	52½	—	0½	1	—
" "	70	42	48½	44	0¼	1	—
" "	80	33	38½	34	0½	1½	—
" "	90	23	23½	24½	0¼	2¼	4¼
" "	100	13	17½	20	1½	6¼	8½
" "	110	7½	13	16	5	10	15½
" "	120	3	9½	12½	12	17	19½

Jan. 27 Total Contracts 2,340 Calls 1,640 Puts 700

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes
a table giving details of

BUILDING SOCIETY RATES

on offer to the public

For further advertising details please ring:
01-248 8000, Extn. 3606

هكذا من الاصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		215 69		—
Managed Inv. Fd	146 67	154.39		—
Property Fd	144 54	152 15		—
Fixed Interest Fd	137 24	144 47		—
Cash Fd	130 49	137 36		—
Income Fd	141 81	149 28		—
Extra Income Fd	132 99	139 99		—
Worldwide Growth Fd	186.72	196.55		—
Balanced Fd	155.85	164.06		—
Smlr Co's & Recv Fd	160 05	168.48		—
Int. Technology Fd	207.87	218.82		—
Nth. Amer. & Gen. Fd	131 42	138.34		—
Energy Int. Fd	84.59	89 05		—
Pacific Basin Fund	113.27	119.24		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	93.7	98.6		—
International	98.7	103.9		—
Property	97.2	102.3		—
Deposit	95.3	100.3		—
Fixed Interest	93.6	98.5		—
Managed	96.0	101.1		—
Equity Pens Cap	93.3	98.2		—
Intnl. Pens. Cap.	98.8	104.0		—
Property Pens Cap	97.4	102.6		—
Deposit Pens Cap	95.3	100.3		—
Fixed Int Pens Cap	93.3	98.2		—
Managed Pens Cap	96.0	101.0		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5		83.2		—
Rtmt. Fed. Jan 7		204.4		—
Managed Pen Fund	167.0	175.8		—
Property Pen Fund	109.5	115.3		—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	120.0	126.4	+2.2	—
GT Pln High Yld Fnd	101.3	106.7		—
GT Plan Far East Fnd	94.8	99.8		—
GT Pln N Am Fund	137.6	144.9		—
GT Pln UK&G.E. Fnd	116.5	122.7		—
GT Pln Wrldwde Fnd	108.5	114.3		—
GT Pension Bnd Fnd	124.8	130.4	+2.9	—
GT Pen High Yld Fd	112.7	118.7		—
GT Pen Far East Fd	100.2	105.5		—
GT Pen N. Am. Fd	166.4	175.2		—
GT Pen UK & G.E. Fd	127.2	133.9		—
GT Pen Worldwide Fd	113.6	119.6		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	154.5	162.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		218.9		—
Portfolio Fd. Init.		186.5		—
Portfolio Fd. Cap.		212.1		—
Portfolio Man. Acc.	65.4	68.8		—
Portfolio Man. Init.	58.3	61.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1.425		—
Landbank Secs.		64.05		—
Landbank Scs. Acc.	173.3	177.8		—
G. & S. Super Fd.		£10.734		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101
Guardian Assurance

Property Bonds	298.6	311.0		—

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	35.7	37.2		7.10
Chinese Fund	73.4	76.4	−1.5	1.70
Precious Metal Fund	148.6	154.5		8.30
Vanguard Cmdy. Fd.	44.1	45.3	−1.1	2.26
Financial Futures Fd.	134.0	139.4	−0.3	—
Wren Intl. Fnd.*	$0 928	0.967		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101¼	95¼	Treasury 12pc 1983‡‡	100⅛	......	11.99	11.25
100½	92⅞	Treasury 9¼pc '83	99⅜	-⅛	9.31	10.70
104⅝	96⅞	Exch. 13¼pc '83	101¼	-⅛	13.27	10.94
101¼	91⅞	Exch. 10pc 1983	99⅜	-⅛	10.07	10.78
98¼	87⅞	Funding 5½pc '82-84‡‡	96⅝	-⅛	5.68	8.94
103¾	91⅞	Exch. 11¼pc 1984	100¼xd	-⅛	11.22	11.04
107¼	96¼	Exchequer 14pc 1984	103⅛	-⅛	13.58	11.35
94½	81⅛	Exch. 3pc 1984	93⅛	......	3.22	8.33
105¼	91½	Treasury 12pc 1984	101⅛	-⅛	11.87	11.19
112	96¼	Treasury 15pc 1985	106½xd	-⅛	14.08	11.42
112⅛	89½	Exch. 12pc Cnv. '85	102½	-¼	11.71	10.65
91¼	73½	Treasury 3pc 1985	89⅜	......	3.36	8.14
105½	87½	Treasury 11½pc 1985	100¼	-⅛	11.41	11.16
102	95½	Treas 8¾pcCr85 (£40pd)	96	-⅛	9.11	10.52
107⅝	88⅝	Exch. 12¼pc 1985	101¼	+¼	12.04	11.47
106⅝	86¼	Exch. 11¾pc '86	100⅜xd	-⅛	11.67	11.50
89½	69	Treasury 3pc 1986	86½	-¼	3.47	7.70
107¼	86¼	Treasury 12pc '86	101⅜	-⅛	11.83	11.35
100	80⅛	Treasury 8¼pc '84-86‡‡	95⅛	-½	8.87	10.12
116¼	96¼	Treas. 12¼pc '86 Cnv.	105¼	......	11.58	10.24

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or -	Int.	Red.
83¾	57	N.Z. 7½pc 1988-92	75½	......	9.65	11.68
93½	74¾	Do. 7½pc '83-86	88¾	......	8.58	12.12
167	136	S. Rhod. 2½pc Non-Ass.	163	......	—	—
80	58	Do. 3½pc 80-85 Assd.	80	......	12.04	11.19
55	32	Do. 4½pc 87-92 Assd.	47xd	......	9.57	15.60
402	318	Zimbabwe Ann (£100pa)	380	......	—	17.20

LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or -	Int.	Red.
77½	57¾	Agric. Mt. 5pc '59-89	73¾	-¼	6.81	10.84
38	24¾	Met. Wtr. 3pc 'B'	32	-¼	9.71	12.48

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS & HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's	P/E
31	23½	Seagram Co. C$1	47¾	-⅛		—	2.4	
22	994p	Tor. Dom. Bk. $1.	21½	......	$2.00	—	4.7	
14½	743p	♥Trans Can Pipe.	14	+⅛	$1.28	—	4.7	
282	182	ANZ $A1	230	......	Q28c	3.1	7.7	4.2
315	205	Alexanders D. £1	280	-8	20.0	—	10.7	—
£75½	£48	Algemene Fl.100	£70½	......	♦Q26%	1.8	8.9	6.2
102	75	Allied Irish	100	......	Q15.3%	4.0	9.8	3.3

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
250	75	Falcon Rh 50c	225		Q25c	10 3	7.7
33	18	Wankie Col Z$1	18		†Q.k	1.2	11.3
24	12	Zam Cpr SBD0 24	22		—	—	—

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
87	20	♥Anglo-Dominion	65	-7	—	—	—
125	25	♥Anglo Utd. Dev.	85	+6	—	—	—
		For Burma see Southwest Res					
130	27	♥Colby Res Corp.	115	-7	—	—	—
440	170	Cons. Murch. 10c.	410		‡Q60c	1.9	‡
8	1½	‡‡Explaura Gold	4	-½	—	—	—
150	55	♥Highwood Res	150	+20	—	—	—
£40¾	£25	Homestake Mining $1	£39	+1	Q40c	—	0.6
470	160	Northgate C$1	415	+5	—	—	—
533	344	R.T.Z.	525	+10	16.0	1.6	4.4
£120	£84	Do 9¾%Cv Un Ln '95-2000	£117½	+1	Q9½%	23.9	18.2
28	11	♥Sabina Inds C$1	26	+3	—	—	—
13	12½	‡Southwest Res 10p	13		—	—	—
530	270	♥Tara Expln $1	480		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue. cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated
- ‡ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv. 20p	48	
Bertrams	17#	..
Bdg'wtr. Est. 50p	465	
Craig & Rose £1	£12½	
Finlay Pkg. 5p	31	
Graig Ship. £1	£21	
Higsons Brew.	102	..
Holt (Jos) 25p	880	..
I.O.M. Stm. £1	105	+2
Pearce (C. H.)	£12	
Peel Hldgs.	160	

IRISH

Exch. 15pc 1983	£99¾	..
Nat 9¾% 84/89	£79	+½
Fin 13% 97/02	£89½	+1
Alliance Gas	115	
Arnott	188	
Carroll (P.J.)	80	
Concrete Prods	53	
Heiton (Hldgs.)	16	
Ins. Corpn. Ireland	360	
Irish Ropes	26	
Jacob	81	-1
T.M.G.	95	..
Unidare	42½	+½

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	35	I.C.I.	24	Vickers	12
BOC Grp.	17	"Imps"	10	Woolworth Hld.	15
B.S.R.	6	I.C.L.	8		
Babcock	10	Ladbroke	16	**Property**	
Barclays Bank	35	Legal & Gen.	28	Brit. Land	7½
Beecham	35	Lex Service	16	Cap. Counties	12
Blue Circle	44	Lloyds Bank	35	Land Secs.	26
Boots	22	"Lofs"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit Aerospace	20	Lucas Inds.	12	Samuel Props.	10
B.A.T.	50	"Mams"	12	Town & City	3
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord	24	Midland Bank	30	**Oils**	
Cadburys	11	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	12
Debenhams	8½	P & O Dfd.	14	Charterhall	5
Distillers	20	Plessey	50	KCA	8
Dunlop	5½	Racal Elect	45	Premier	4
Eagle Star	30	R.H.M.	6	Shell	35
F.N.F.C.	4	Rank Org. Ord.	15	Tricentrol	22
Gen. Accident	38	Reed Intnl	26	Ultramar	42
Gen Electric	24	Sears	9		
Glaxo	90	T.I.	13	**Mines**	
Grand Met	25	Tesco	8	Charter Cons.	20
G.U.S. 'A'	50	Thorn EMI	38	Cons. Gold	40
Guardian	35	Trust Houses	13	Lonrho	8
G.K.N.	15	Turner & Newall	4	Rio T. Zinc	42
Hawker Sidd	30	Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases on late demand for D-mark

The dollar fell in late trading yesterday, prompted by last minute demand for the D-mark. It was not immediately clear what was behind such a move. Earlier in the day the U.S. unit had improved as Euro-dollar rates showed a firmer trend. There were numerous statements from U.S. officials on current fiscal policy which the market found difficult to digest initially. In early New York trading the dollar showed some signs of recovery however.

Sterling again remained nervously on the sidelines gaining only a brief fillip from better than expected trade figures.

DOLLAR — Trade weighted index (Bank of England) 120.3 against 119.3 six months ago. The dollar has returned to favour as hopes of an early cut in the discount rate recede. The prospect of large fund raising by the authorities has also kept rates firm while fundamentals such as trade and budget deficits have been ignored as a bear factor.

The dollar closed at DM 2.4250 against the Deutsche Mark down from DM 2.4280 and was lower against the Swiss franc at SwFr 1.9850 from SwFr 1.99. In terms of the yen it eased to Y235.10 from Y235.50 and FFr 6.8675 from FFr 6.8775.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5370. December average 1.6176. Trade weighted index 81.1 against 81.0 at noon and 81.2 at the opening and compared with 81.2 on Wednesday and 91.4 six months ago. Sterling is very weak on fears of lower North Sea oil prices and current disarray within Opec. There is also uncertainty caused by the possibility of an early general election. Sterling is now trading close to an all-time low against the dollar and is weaker against European currencies.

Sterling opened at $1.5370-1.5380 against the dollar and traded for most of the day between $1.5360 and $1.5400 before closing at $1.5370-1.5380, a fall of 85 points. Against the D-mark it eased to DM 3.73 from DM 3.7550 and SwFr 3.0525 from SwFr 3.0775. It was also weaker against the yen at Y361.50 from Y364.25 and FFr 10.5525 from FFr 10.63.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 127.8 against 125.5 six months ago. The D-mark has shown a weaker tendency recently in the run up to a March general election. But as the possibility of a discount rate before the election recedes so the D-mark has shown signs of steadying, helped by favourable trade figures.

The D-mark was mostly weaker at yesterday's fixing in Frankfurt. The dollar was fixed higher at DM 2.4412 from DM 2.4153, with no Bundesbank intervention, helped by higher Euro-dolar rates and end of month technicalities. Trading was a little calmer than earlier in the week with sterling a little firmer at DM 3.7460 from DM 3.7380 ahead of UK trade figures while the Swiss franc improved to DM 1.2218 from DM 1.2186. Within the EMS the French franc was higher at DM 35.295 per FFr 100 against DM 35.265 and the Dutch guilder at DM 91.03 per Fl 100 from DM 91.00.

ITALIAN LIRA — Trading range against the dollar in 1982-83 is 1,489.75 to 1,196.0. December average 1,400.02. Trade weighted index 53.1 against 54.0 six months ago. Large public sector borrowing as a result of a growing budget deficit has increased Italy's already considerable inflationary problems.

The Italian lira showed a weaker tendency overall at yesterday's fixing in Milan. The dollar rose to L1,404.05 from L1,387.55 and sterling was higher at L2,155.0 compared with L2,145.75. The D-mark was also higher at L575.76 from L575.75 and the Swiss franc L702.3 compared with L701.5.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9838	+0.03	+1.31	±1.5501
Danish Krone ...	8.23400	8.06775	−2.02	−0.74	±1.6430
German D-Mark	2.33379	2.29715	−1.57	−0.29	±1.0888
French Franc ...	6.61387	6.50920	−1.58	−0.30	±1.3940
Dutch Guilder ...	2.57971	2.52423	−2.15	−0.87	±1.5004
Irish Punt	0.691011	0.689620	−0.20	+1.08	±1.6691
Italian Lira	1350.27	1321.35	−2.14	−1.46	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 27	£	$		£ Note Rates
Argentina Peso...	81,813-81,853	53,200-53,280	Austria............	26.15-26.45
Australia Dollar..	1.5775-1.5795	1.0260-1.0265	Belgium...........	75.85-76.85
Brazil Cruzeiro...	414.56-415.56	269.28-270.63	Denmark...........	13.10-13.24
Finland Markka..	8.2500-8.2655	5.4025-5.4035	France.............	10.57-10.67
Greek Drachma..	127.370-130.598	83.75-84.05	Germany...........	3.73-3.77
Hong Kong Dollar	10.08-10.10	6.5520-6.5570	Italy...............	2130-2170
Iran Rial.	129.70*	83.10*	Japan...............	364-369
Kuwait Dinar (KD)	0.447-0.448	0.2909-0.2910	Netherlands.......	4.09 1/2-4.13 1/2
Luxembourg Fr..	73.35-73.45	47.73-47.75	Norway.............	10.94-11.04
Malaysia Dollar..	3.5025-3.5125	2.2780-2.2800	Portugal...........	145-165
New Zealand Dlr.	2.1230-2.1310	1.3860-1.3880	Spain...............	190 3/4-206
Saudi Arab. Riyal	5.2930-5.2985	3.4405-3.4415	Sweden.............	11.37-11.47
Singapore Dollar	3.1625-3.1925	2.0700-2.0720	Switzerland	3.05 1/2-3.09 1/2
Sth. African Rand	1.6450-1.6460	1.0700-1.0705	United States....	1.52 1/2-1.54 1/2
U.A.E. Dirham....	5.6540-5.6540	3.6720-3.6735	Yugoslavia.......	119-130

*Selling rates.

CURRENCY MOVEMENTS

Jan. 27	Bank of England Index	Morgan Guaranty Change %
Sterling..............	81.1	−39.3
U.S. dollar...........	120.3	+10.8
Canadian dollar.....	89.4	−17.8
Austrian schilling..	119.8	+28.9
Belgian franc........	93.9	−2.5
Danish kroner	83.9	−9.9
Deutsche mark. ...	127.8	+54.6
Swiss franc..........	163.2	+110.4
Guilder................	118.9	+27.9
French franc.........	73.9	−19.1
Lira.....................	53.1	−58.8
Yen.....................	145.0	+38.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709055	0.611575
U.S. $	8 1/2	1.08769	0.940297
Canadian$...	9.81	*	1.16456
Austria Sch	4 3/4	18.6474	16.1261
Belgian F ...	11 1/2	51.9481	44.9838
Danish Kr ...	10	9.32694	8.06775
D mark	5	2.65527	2.29715
Guilder	4 1/2	2.91610	2.52423
French F.....	9 1/2	7.52158	6.50920
Lira	18	1527.12	1321.35
Yen	5 1/2	258.870	223.826
Norwgn Kr...	9	7.81070	6.71372
Spanish Pta	—	n/a	121.768
Swedish Kr	9	8.08589	6.99816
Swiss Fr......	4 1/2	2.17451	1.88031
Greek Dr'ch	20 1/2	n/a	78.9379

* C$/SDR rate for Jan 26: 1.35209.

THE POUND SPOT AND FORWARD

Jan 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5325-1.5415	1.5370-1.5380	0.28-0.23c pm	1.99	0.80-0.75 pm	2.02
Canada	1.8950-1.9060	1.8975-1.8985	0.13-0.03c pm	0.50	0.48-0.38 pm	0.91
Nethlnd.	4.08-4.14	4.09 1/2-4.10 1/2	2 1/4-1 3/4c pm	5.85	6 1/2-6 pm	6.10
Belgium	73.20-73.90	73.35-73.45	5-15c dis	−1.63	35-45 dis	−2.18
Denmark	13.10-13.20	13.10-13.11	6 1/2-7 7/8ore dis	−6.58	22 1/2-23 1/2dis	−7.00
Ireland	1.1200-1.1310	1.1220-1.1240	0.71-0.83p dis	−8.23	1.55-1.77dis	−5.91
W. Ger.	3.72-3.76	3.72 1/2-3.73 1/2	2-1 1/4pf pm	5.63	5 3/4-5 1/4 pm	5.76
Portugal	141.00-146.00	141.50-144.50	350-1210c dis	−65.45	670-2230dis	−40.56
Spain	198.00-199.30	198.35-198.65	80-120c dis	−6.04	310-395dis	−7.10
Italy	2,136-2,162	2,149 1/2-2,151 1/2	11-15lire dis	−7.25	48-53dis	−9.39
Norway	10.90-11.07	10.94-10.96	1 1/4-2 1/4ore dis	−1.78	5 1/4-6 1/4dis	−2.15
France	10.54-10.64	10.54 1/2-10.55 1/2	3-5c dis	−4.55	19-22 dis	−7.77
Sweden	11.36-11.46	11.38-11.39	7/8ore pm-par	0.39	1/2 pm-1/2 dis	—
Japan	360-366	361-362	1.45-1.25y pm	4.48	4.20-4.00 pm	4.54
Austria	26.20-26.45	26.25-26.30	12 3/4-10 3/4gro pm	5.37	34 1/2-29 7/8 pm	4.91
Switz.	3.04-3.08	3.04 1/2-3.05 1/2	2 5/8-1 7/8c pm	8.35	6 3/4-6 1/4 pm	8.35

Belgian rate is for convertible francs. Financial franc 76.20-76.30. Six-month forward dollar 1.24-1.19c pm. 12-month 1.95-1.80c pm.

THE DOLLAR SPOT AND FORWARD

Jan 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5325-1.5415	1.5370-1.5380	0.28-0.23c pm	1.99	0.80-0.75 pm	2.02
Ireland†	1.3600-1.3740	1.3680-1.3695	0.98-0.88c pm	8.17	2.43-2.23 pm	6.82
Canada	1.2350-1.2385	1.2350-1.2360	0.11-0.14c dis	−1.21	0.33-0.36dis	−1.11
Nethlnd.	2.6660-2.6845	2.6665-2.6685	0.90-0.80c pm	3.80	2.80-2.70 pm	4.10
Belgium	47.73-47.90	47.73-47.75	13-15c dis	−3.51	46-50 dis	−4.01
Denmark	8.5600-8.6935	8.5600-8.5700	5-6ore dis	−7.68	15 1/2-16 1/2dis	−7.45
W. Ger.	2.4225-2.4500	2.4245-2.4255	0.72-0.67pf pm	3.44	2.27-2.22 pm	3.70
Portugal	91.50-95.00	92.00-94.00	250-750c dis	−64.52	560-1450dis	−43.01
Spain	129.10-129.45	129.10-129.20	75-95c dis	−7.90	250-285 dis	−8.28
Italy	1,398-1,408 1/2	1,399-1,400	10-11lire dis	−8.97	39-41 dis	−11.39
Norway	7.1200-7.1830	7.1200-7.1300	2.10-2.85ore dis	−4.16	7.10-7.85dis	−4.19
France	6.8800-6.9275	6.8650-6.8700	3.30-3.80c dis	−6.17	17 1/4-18 1/4dis	−10.29
Sweden	7.4100-7.4450	7.4100-7.4200	1/4-1 3/4ore dis	−1.62	3.15-3.65dis	−1.83
Japan	234.60-237.70	235.05-235.15	0.50-0.43y pm	2.37	1.58-1.48 pm	2.60
Austria	17.08 3/4-17.14 1/2	17.09 3/4-17.10 3/4	4 1/2-3 1/2gro pm	2.89	14 1/2-12 pm	3.09
Switz.	1.9830-2.0030	1.9845-1.9855	1.06-1.00c pm	6.20	3.15-3.10 pm	6.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.55-49.65.

EXCHANGE CROSS RATES

Jan. 27	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.538	3.730	361.5	10.553	3.053	4.100	2151.	1.898	73.40
U.S. Dollar	0.650	1.	2.426	235.1	6.863	1.985	2.667	1399.	1.234	47.74
Deutschemark	0.268	0.412	1.	96.92	2.829	0.818	1.099	576.5	0.509	19.68
Japanese Yen 1,000	2.766	4.253	10.32	1000.	29.19	8.444	11.34	5949.	5.250	203.0
French Franc 10	0.948	1.457	3.535	342.6	10.	2.893	3.886	2038.	1.799	69.56
Swiss Franc	0.328	0.504	1.222	118.4	3.457	1.	1.343	704.5	0.622	24.05
Dutch Guilder	0.244	0.375	0.910	88.17	2.574	0.745	1.	524.5	0.463	17.90
Italian Lira 1,000	0.465	0.715	1.734	168.1	4.907	1.419	1.907	1000.	0.883	34.13
Canadian Dollar	0.527	0.810	1.965	190.5	5.560	1.608	2.160	1133.	1.	38.67
Belgian Franc 100	1.362	2.095	5.082	492.5	14.38	4.159	5.586	2930.	2.586	100.

FINANCIAL FUTURES

Quiet trading

Trading was a little quieter in the London International Financial Futures Exchange yesterday. Volume was down from the previous day's totals as it appeared to be more and more difficult to identify any clear trend in interest rates. Eurodollar prices opened easier with the March price at 90.56 compared with Wednesday's close of 90.62. However, this soon encouraged some cheap buying which took values back to opening levels. The trading range was narrow at 11 basis points and although a low was touched of 90.46, there was no conclusive breaking of the 90.50 support level. Prices in Chicago opened much in line with London and the March price finished at 90.55, barely changed from its opening level.

Sterling contracts showed little movement in a rather lacklustre day. The latest set of UK trade figures were announced after the close of trading on Liffe although reaction in the cash market saw gilt prices move above the worst level of the day. The March futures price opened lower at 98-10 against 98-22 on Wednesday and lost ground in line with the cash market before cheap buying brought levels back to nearer opening levels to close at 98-04. Short sterling was rather dull with very little movement in the cash market. Dealers noted a much steadier trend in sterling and having opened at 88.90, the March contract traded in a seven point spread for the day before closing at 88.92 compared with 89.03 on Wednesday.

Currencies drifted lower against the dollar with the latter underpinned by a growing conviction that U.S. interest rates were unlikely to fall in the near future.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.55	90.57	90.46	90.62
June	90.17	90.19	90.12	90.27
Sept	89.84	89.88	89.84	89.99
Dec	89.65	89.65	89.65	89.75
March	89.42	—	—	89.52

Volume 1,701 (1,989)
Previous day's open int 3,322 (3,466)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	88.92	88.94	88.87	89.03
June	89.25	89.25	89.20	89.31
Sept	89.20	89.20	89.20	89.27
Dec	89.16	89.16	89.16	89.20

Volume 744 (1,357)
Previous day's open int 2,889 (2,682)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	98-04	98-21	97-29	98-22
June	97-28	98-09	97-30	98-11
Sept	97-17	97-20	97-17	98-09

Volume 879 (1,070)
Previous day's open int 2,068 (2,194)
Basis quote (clean cash price of 15 1/2% Treasury 1998 less equivalent price of near futures contract) −2 to 06 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5350	1.5380	1.5315	1.5433
June	1.5290	1.5290	1.5290	1.5370

Volume 387 (316)
Previous day's open int 1,113 (1,044)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4115	0.4123	0.4110	0.4156
June	0.4154	0.4154	0.4150	0.4197

Volume 44 (96)
Previous day's open int 244 (231)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5042	0.5052	0.5034	0.5078
June	0.5118	0.5130	0.5115	0.5158

Volume 32 (212)
Previous day's open int 261 (252).

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4235	0.4241	0.4221	0.4273
June	0.4260	0.4265	0.4260	0.4310

Volume 87 (172)
Previous day's open int 217 (142)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	74-03	74-11	73-17	73-24
June	73-12	73-19	72-28	73-01
Sept	72-26	73-01	72-15	72-17
Dec	72-13	72-20	72-04	72-05
March	72-04	72-11	71-24	71-28
June	71-29	72-06	71-19	71-21
Sept	71-23	71-30	71-13	71-15
Dec	71-18	71-25	71-11	71-10
March	71-14	71-15	71-12	71-06
June	71-10	71-11	71-08	71-02

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.97	91.98	91.84	91.89
June	91.59	91.61	91.47	91.53
Sept	91.31	91.31	91.18	91.24
Dec	91.00	91.00	90.91	90.96
March	90.75	90.75	90.68	90.71
June	—	90.48	90.47	90.49
Dec	—	—	—	90.16

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	—	—	89.88	89.94
March	90.93	90.94	90.80	90.88
June	90.44	90.44	90.35	90.43
Sept	90.13	90.13	90.08	90.11

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.33	90.34	90.21	90.31
June	89.88	89.88	89.90	89.91
Sept	89.54	89.57	89.53	89.59
Dec	89.36	89.36	89.36	89.42
Feb	—	—	—	—

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	1.5335	1.5375	1.5315	1.5435
June	1.5285	1.5305	1.5250	1.5370
Sept	1.5240	1.5260	1.5240	1.5325
Dec	1.5200	1.5210	1.5200	1.5290
March	—	—	—	—
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-11	68-14	67-26	68-04
June	67-12	67-18	66-31	67-09
Sept	66-25	66-29	66-13	66-24
Dec	66-10	66-13	66-01	66-03
March	65-30	66-01	65-27	65-24
June	65-20	65-22	65-18	65-16
Sept	—	—	—	65-08
Dec	—	—	—	65-00
March	—	—	—	64-27
June	—	—	—	64-23
Sept	—	—	—	—
Dec	—	—	—	—

MONEY MARKETS

UK rates steady in subdued trading

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

UK interest rates showed little change in the London money market yesterday. With sterling little changed on the day and a relatively small shortage comfortably taken out by the authorities, there was little to prompt much movement in rates. Overnight interbank money traded at 11-11 1/4 per cent for much of the morning and held between 10 1/2 per cent and 11 1/2 per cent in the afternoon until drifting away to 8 per cent.

The Bank forecast a shortage of around £400m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£55m and the unwinding of previous sale and repurchase agreements −£382m. On the other hand Exchequer transactions added £110m. Assistance in the morning totalled £400m and comprised purchases of eligible bank bills at 11 per cent, £37m in band 1 (up to 14 days), £212m in band 2 (15-33 days), £58m in band 3 (36-63 days) and £93m in band 4 (64-84 days). In the afternoon the Bank bought £5m of eligible bank bills in band 2 at 11 per cent.

In Frankfurt call money was quoted at 5.90-6.00 per cent compared with Wednesday's wide quotation of 5.5-5.8 per cent. Rates tended to firm up a little as the market faces an increased shortage of liquidity later this week as an estimated DM 1bn of currency swaps expire. In addition a further DM 9.6bn will be drained on Monday as an existing sale and repurchase agreement matures. Market sources suggested that the Bundesbank may compensate for these two factors by announcing a new sale and repurchase agreement effective from Monday.

In Amsterdam call money was trading at 4 1/4-4 1/2 per cent slightly up from earlier in the week in fairly calm trading. However liquidity is expected to tighten sharply as payment for a Government bond issue on February 1 approaches. A market deficit of around Fl 2bn could increase to nearer Fl 9bn according to some sources although the authorities are expected to provide assistance through a special advances facility.

LONDON MONEY RATES

Jan. 27 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight........	—	8-11 1/2	—	—	—	11-11 1/2	10-11	—	—	—
2 days notice .	—	—	11 1/8-11 3/8	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11 3/4	—	—	—	—
7 days notice ..	—	11 3/8-11 1/2	11 1/8-11 3/8	—	—	11 7/8	11	—	—	—
One month.......	11 [illegible]-11 [illegible]	11 1/2-11 3/8	11 3/8-11 1/2	12 1/8-11 7/8	11 5/8	11 7/8	11	11 [illegible]-11 1/8	11 [illegible]	11 [illegible]
Two months	11 [illegible]-11 [illegible]	11 1/2-11 5/8	11 3/8-11 1/2	12-11 3/4	11 5/8	11 7/8	11	11 [illegible]-11 1/8	11 [illegible]	11 [illegible]
Three months.	11 [illegible]-11 [illegible]	11 1/2-11 5/8	11 5/8	11 7/8-11 5/8	11 5/8	—	11	11-11 [illegible]	11 [illegible]	11 [illegible]
Six months......	11 [illegible]-11 [illegible]	11 [illegible]-11 [illegible]	11 [illegible]-11 3/8	11 1/8-10 7/8	11 1/2	—	—	—	10 [illegible]-10 7/8	11 1/2
Nine months....	11 1/4-11 [illegible]	11 [illegible]-11 1/2	—	11 3/4-11 1/2	11 1/2	—	—	—	—	—
One year.........	11 1/4-11 [illegible]	11 [illegible]-11 1/2	11 1/4-11 [illegible]	11 5/8-11 3/8	11 1/2	—	—	—	—	—
Two years.......	—	—	11 5/8-11 1/2	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive) 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11 1/2-11 3/4 per cent four years 11 3/4 per cent five years 11 3/4 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11 [illegible]-11 [illegible] per cent; four months trade bills 11 [illegible] per cent.

Approximate selling rate for one month Treasury bills 11 per cent; two months 11 per cent and three months 10 [illegible] per cent. Approximate selling rate for one month bank bills 11 [illegible] per cent; two months 11 [illegible] per cent and three months 11 [illegible] per cent; trade bills 11 [illegible] per cent; two months 11 [illegible] per cent and three months 11 [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10 1/2 per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10 1/4 per cent. London Deposit Rates for sums at seven days' notice 7-8 per cent.

Treasury Bills: Average tender rate of discount 10.7530 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11 1/2 per cent; one-three-month 11 1/2 per cent; three-12-month 11 1/2 per cent. Under £100,000 11 1/4 per cent from January 28. Deposits held under Series 3-5 11 1/2 per cent. The rate for all deposits withdrawn for cash 8 1/2 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 27	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling.......	11 1/8-11 3/8	11 1/4-11 1/2	11 1/2-11 5/8	11 [illegible]-11 [illegible]	11 3/8-11 1/2	11 1/4-11 3/8
U.S. Dollar....	8 5/8-8 7/8	8 5/8-8 7/8	8 7/8-9 1/8	9 1/8-9 3/8	9 [illegible]-9 [illegible]	9 [illegible]-9 [illegible]
Can. Dollar...	8-9	10-10 1/2	10 3/8-10 5/8	10 3/8-10 5/8	10 3/8-10 5/8	10 3/8-10 5/8
D. Guilder....	4 [illegible]-4 [illegible]	4 3/8-4 7/8	4 7/8-5	5 [illegible]-5 [illegible]	5 1/8-5 1/4	5 3/8-5 1/2
S. Franc.......	1 1/2-1 3/4	5 1/4-5 1/2	2 [illegible]-2 [illegible]	3 [illegible]-3	3 [illegible]-3 [illegible]	3 3/4-3 7/8
Deutschm'rk	5 3/8-5 1/2	5 [illegible]-5 [illegible]	5 [illegible]-5 [illegible]	5 [illegible]-5 [illegible]	5 [illegible]-5 [illegible]	5 3/4-5 7/8
Fr'nch Franc	12 3/4-13 3/4	13-14	15-15 3/4	19 1/2-20 1/4	19 1/2-20 1/4	17 3/4-18 1/2
Italian Lira..	15 1/2-17 1/2	16 3/4-18	16 3/4-20 3/4	21-22 1/8	22-22 3/4	21 7/8-22 7/8
Belg. Franc..						
Conv........	11-12	11 1/2-12 1/2	12 1/2-13 1/2	[illegible]	13 1/2-14 1/4	13-13 5/8
Fin...........	11 3/4-12 1/4	12 1/8-12 3/8	12 1/4-12 1/2	12 1/4-12 1/2	12 1/4-12 1/2	12 1/4-12 1/2
Yen...........	6 1/2-6 3/4	6 5/8-6 3/4	6 1/2-6 5/8	6 1/2-6 3/8	6 1/2-6 5/8	6 [illegible]-6 [illegible]
D. Krone.....	19 1/2-20	18 3/4-19 1/8	18 1/2-19	18 3/4-19 1/4	18 3/8-18 7/8	17 7/8-18 3/8
Asia $ (Sing.)	8 3/4-8 7/8	8 7/8-9	9 [illegible]-9 [illegible]	9 1/4-9 3/8	9 [illegible]-9 [illegible]	9 [illegible]-9 [illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 1/4	offer 9 3/8	bid 9 9/16	offer 9 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8 1/4-8 1/2
Treasury bills (13-week)	8.02
Treasury bills (26-week)	8.07

GERMANY

Lombard	6.0
Overnight rate	5.90-6.00
One month	6.025
Three months	5.925
Six months	5.825

FRANCE

Intervention rate	12.375
Overnight rate	12.5
One month	12.6875
Three months	12.6875
Six months	12.4375

JAPAN

Discount rate	5.5
Call (unconditional)	6.84375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4 1/2
Overnight rate	5 1/2-5 3/4
One month	2 [illegible]-2 [illegible]
Three months	2 [illegible]-2 [illegible]

NETHERLANDS

Discount rate	4 1/2
Overnight rate	4 1/4-5
One month	5-5 1/8
Three months	5-5 1/4
Six months	5-5 1/4

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.70-8.80
Six months	9.00-9.10
One year	9.15-9.35

LONG TERM EURO $

Two years	10 5/8-10 7/8
Three years	11 1/4-11 1/2
Four years	11 1/2-11 3/4
Five years	11 3/4-12

SDR LINKED DEPOSITS

One month	8 7/8-9 1/8
Three months	9 [illegible]-9 [illegible]
Six months	9 1/4-9 1/2
One year	9 1/4-9 1/2

ECU LINKED DEPOSITS

One month	9 [illegible]-10 [illegible]
Three months	10 [illegible]-11 [illegible]
Six months	11-11 1/4
One year	10 [illegible]-11 [illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

[illegible]

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]

EDUCATIONAL

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

[illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

[illegible]